

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared By:

The Finance Department

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

FISCAL YEAR ENDED SEPTEMBER 30, 2015

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

FISCAL YEAR ENDED SEPTEMBER 30, 2015

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Town of
LAUDERDALE-BY-THE-SEA

4501 Ocean Drive, Lauderdale-by-the-Sea, Florida 33308-3610

Telephone: (954) 640-4200 / Fax (954) 640-4236

June 7, 2016

Honorable Mayor and Commissioners:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Lauderdale-By-The-Sea for the fiscal year ended September 30, 2015.

This report consists of management's representations concerning the finances of the Town of Lauderdale-By-The-Sea. Consequently, we assume full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the Town has established an internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP (Generally Accepted Accounting Principles). Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Grau & Associates, a licensed certified public accounting firm, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the Town's financial statements for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Lauderdale-By-The-Sea's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Lauderdale-By-The-Sea's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Lauderdale-By-The-Sea, incorporated in 1947, is located between the Atlantic Ocean and the Intracoastal Waterway in the east-central part of Broward County, Florida directly north of Fort Lauderdale and 33 miles south of Palm Beach. The Town of Lauderdale-By-The-Sea is primarily a residential community but, because of the Town's prime seaside location, the hospitality industry has historically been significant to the Town's economy and character. The major industries within the Town are hospitality, retail including restaurants, finance, insurance and real estate. Most residents are retired or employed in South Florida. The Town is 1.5 square miles in land area and has a year-round population of approximately 6,100 residents. We estimate the peak seasonal population to be approximately 12,000.

The Town of Lauderdale-By-The-Sea provides a full range of municipal services for its citizens. These include executive administration, financial accounting and reporting, public works, parks and recreation facilities, and planning and zoning. Police, fire prevention and suppression, emergency medical service, building inspections, code enforcement, and parking enforcement are all delivered via contracts with third party providers: Broward's Sheriff's Office for police services, the Lauderdale-By-the-Sea Volunteer Fire Department for fire services, American Medical Response for emergency medical services, C A P Government for building inspections, Calvin, Giordano & Associates for code enforcement, and Republic Parking for parking enforcement. Water service is provided to our residents and businesses by the cities of Fort Lauderdale and Pompano Beach. Sewer services are provided to residents and commercial businesses in the north end of Town by the City of Pompano Beach. The Town provides sewer collection and transmission services in the south portion of Town, but the wastewater is transmitted to the City of Pompano Beach, which then transports it to Broward County's Wastewater Treatment Plant on Copans Road for treatment and disposal.

The Town operates under a Commission-Manager form of government. Policy-making and legislative authority are vested in the Town Commission, which consists of a Mayor, a Vice-Mayor and three Commissioners. Commissioners (including the Vice Mayor) are elected for four year terms and must live in a specified district, but are elected at large (by voters of the entire Town). The Mayor serves a two year term and is also elected at large. The Town Commission is responsible for setting Town policy, setting most Town fees, passing ordinances, adopting and amending the annual budget, approving large purchases, adopting resolutions, and appointing the Town Manager and Town Attorney.

The Town Manager is the chief executive officer of the Town. The Town Manager is responsible for carrying out the policies of the Commission, enforcing the Town's code of ordinances, appointing, directing, and removing all Town employees, overseeing the Town's contracts, preparing and submitting the annual budget, and overseeing the day-to-day operations of the Town.

The Town Commission meets in regular session on the second and fourth Tuesday of each month at 7:00 p.m. in Jarvis Hall, 4501 Ocean Drive, Lauderdale-By-The-Sea, Florida. The Commission schedules additional workshops and meetings on an as-needed basis.

The Town's Budget

The annual budget serves as the Town of Lauderdale-By-The-Sea's financial planning and control mechanism. All departments of the Town submit requests for funding to the Town Manager and these requests are the starting point for developing a proposed budget. The Finance/Budget Director reviews revenue trends and projects revenue for the current and upcoming fiscal year. The Broward County Property Appraiser advises the Town in late June or early July of the valuation of properties in the Town and the ad valorem tax millage rate required to raise the same amount of tax revenue as in the preceding year.

The Town's Budget (Continued)

The Town Manager seeks budget policy direction from the Town Commission, then crafts a budget consistent with that policy direction and presents it to the Commission for review in July of each year. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year. The budget is legally enacted through the passage of a resolution which adopts the budget by fund and department. This administration's policy is that the classification detail at which expenditures may not legally exceed appropriations is at the department level. The Town Manager is authorized to transfer part or all of the unencumbered balance of an appropriation within a department; however, any revisions that alter the total appropriations of any department must be approved by the Town Commission. Transfers of appropriated funds between departments must be approved by the Town Commission.

Budget-to-actual comparisons are reported monthly to the Town Commission by the Finance/Budget Director and revenue and expenditure projections for the entire fiscal year are provided to the Commission when the Manager's recommended budget for the following year is presented to the Commission in July.

Economic Condition

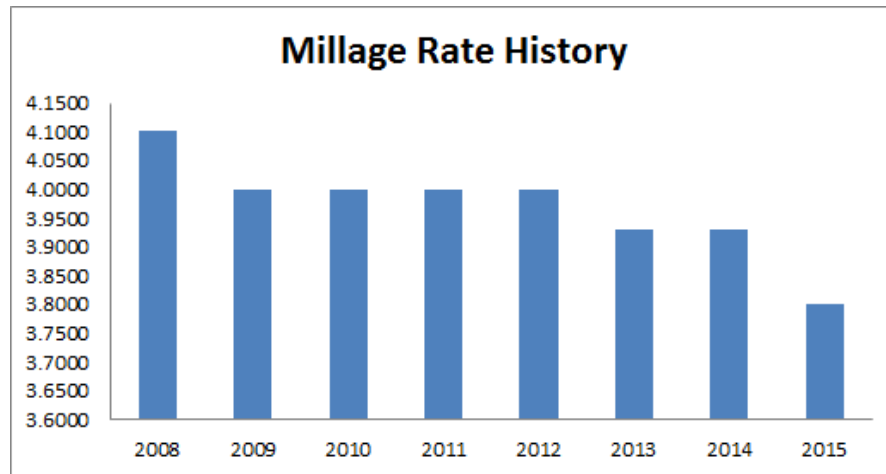
The Town of Lauderdale-By-The-Sea's taxable assessed value for fiscal year 2015 increased by \$118,135,450 or approximately 6.5% from 2014 (including net new construction). New construction, which represents improvements to real property that were not on the tax roll in the prior year, accounted for \$2,940,000 of the increase in the tax roll. The Town's total taxable assessed value has declined by \$391,198,524 or approximately 17% since property values peaked in fiscal year 2008. However, property values started to rebound in fiscal year 2013.

The following chart shows the size of the labor force, the number employed and unemployed, and the unemployment rate for Broward County for each of the past six years. The table shows that the unemployment rate reached a high of 10.2 percent in 2010 and has steadily declined in since then. During the same period, the size of the labor force has continued to increase. This is a good indicator that the local economy is continuing to recover.

<u>Year</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate(%)</u>
2015	996,865	947,950	48,915	4.9%
2014	1,000,838	941,927	58,911	5.9%
2013	988,255	922,974	65,281	6.6%
2012	979,009	902,904	76,105	7.8%
2011	963,707	873,140	90,567	9.4%
2010	953,592	855,943	97,649	10.2%

As indicated in the following chart, during fiscal year 2015 the Town dropped the millage rate to 3.8000 per 1,000 of assessed taxable value, the third lowest millage rate of any city in Broward County.

Economic Condition (Continued)



Fund Balances, As of September 30, 2015

Governmental Funds

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Fund balances				
Nonspendable:				
Prepaid items	\$ 167,003	\$ -	\$ 66,272	\$ 233,275
Restricted for:				
Fire department	-	-	981,661	981,661
El Mar beautification per contract	-	677,566	-	677,566
Committed for:				
License plate reader system contract	-	-	2,654	2,654
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Capital projects	-	1,243,045	-	1,243,045
Subsequent year's expenditures	1,208,720	-	-	1,208,720
Unassigned	3,401,374	-	-	3,401,374
Total fund balances	\$ 7,110,202	\$ 1,920,611	\$ 1,050,587	\$ 10,081,400

The table above shows the balances of the governmental funds as of September 30, 2015. The unassigned balance of the general fund was \$3,401,374. You will note there was \$1,208,720 assigned to subsequent year's expenditures. This is the amount budgeted as an appropriation from the general fund balance in the fiscal year 2016 budget, and will be utilized for capital projects in fiscal year 2016. The last significant component of the general fund balance is the \$2,333,105 assigned to the emergency reserve. The balance of the fund is amounts that were prepaid as of September 30, 2015 (primarily property, liability, and health insurance).

As of September 30, 2015 the balance of the capital projects fund was \$1,920,611. Of that amount \$677,566 is contractually restricted to be used to make El Mar Drive more pedestrian friendly. This represents the balance of a \$1,000,000 settlement the Town received from Pier Pointe Developers in fiscal year 2009.

Fund Balances, As of September 30, 2015 (Continued)

The Town's non-major funds are the fire fund and the law enforcement trust fund (LETf). Excluding the amounts that were prepaid, as of September 30, 2015 these funds had \$981,661 and \$2,654 which are legally restricted to be used for fire protection and law enforcement purposes, respectively.

Proprietary Funds

As of September 30, 2015, the unrestricted balance of the sewer fund was \$1,546,085 and the unrestricted balance of the parking fund was \$2,744,722.

Acknowledgements

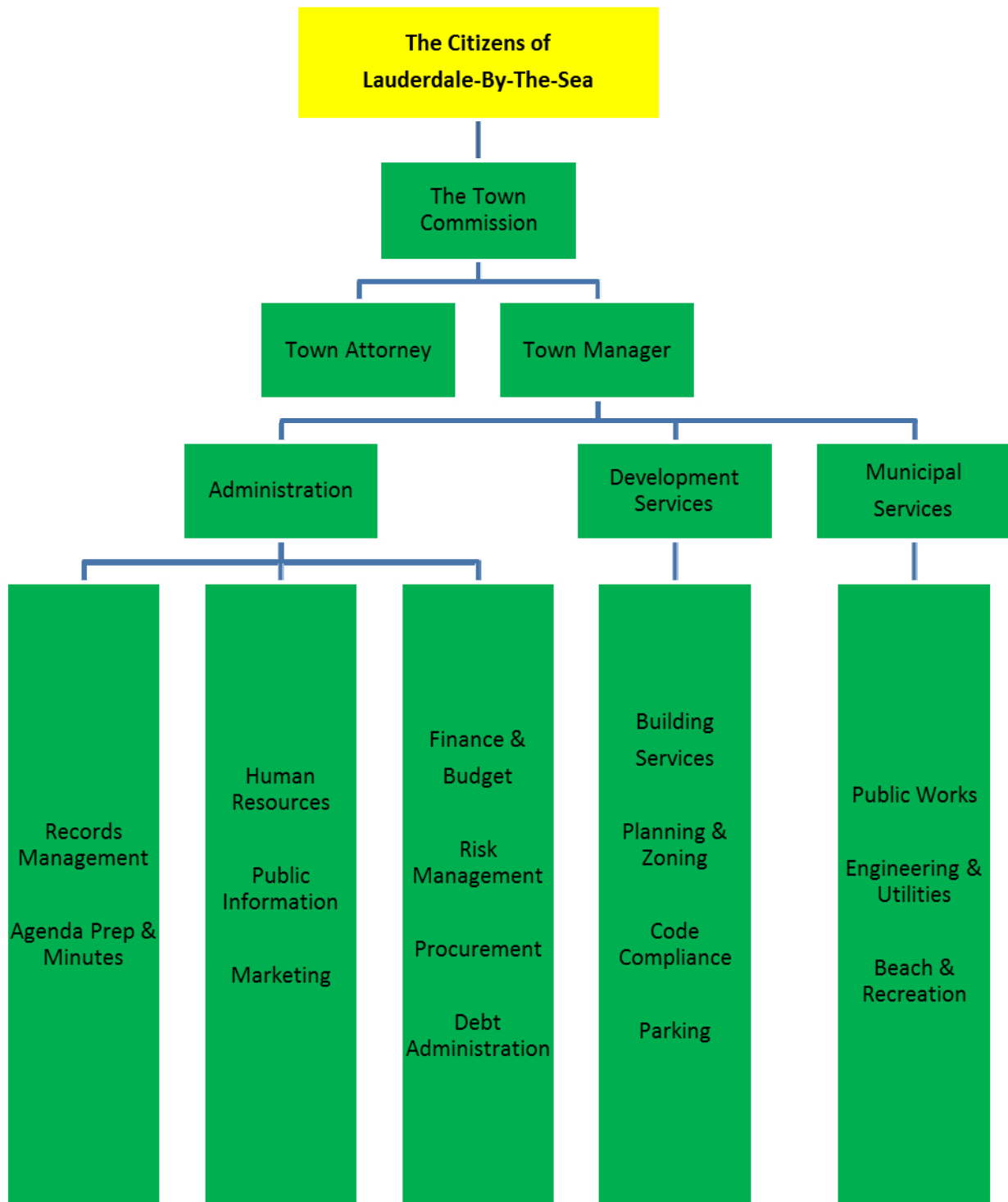
The preparation of this report could not have been accomplished without the efficient and dedicated services of Edner Saint-Jean of our Finance staff. We would also like to extend our thanks to the firm of Grau & Associates for their cooperation, assistance and professional conduct of the Town's annual audit and to the 2015 Audit Committee consisting of Ron Piersante, John Oughton, and Patrick Murphy. Finally, we wish to acknowledge the Town Commission for their commitment to sound accounting, transparency, financial management and the diligent manner in which they exercise their financial oversight responsibilities.

Respectfully submitted,


Ralph Bentley
Town Manager


Gerald Bryan
Finance Director

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
ORGANIZATION CHART
SEPTEMBER 30, 2015**



**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TOWN OFFICIALS
SEPTEMBER 30, 2015**

TOWN COMMISSIONERS

Scot Sasser, Mayor
Mark Brown, Vice-Mayor
Chris Vincent, Commissioner
Buz Oldaker, Commissioner
Elliot Sokolow, Commissioner

TOWN MANAGER

Ralph Bentley

TOWN ATTORNEY

Susan L. Trevarthen

TOWN CLERK

Tedra Smith

DIRECTOR OF FINANCE

Gerald Bryan

TOWN AUDITORS

Grau & Associates

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INDEPENDENT AUDITOR'S REPORT

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Grau & Associates

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lauderdale-By-The-Sea, Florida ("Town"), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, the Town adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68, effective October 1, 2014. The net position balance of the governmental activities and business-type activities as of October 1, 2014 have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule - general fund, schedule of changes in the net pension asset and related ratios - Volunteer Firefighters Pension Plan, schedule of contributions - Volunteer Firefighters Pension Plan, the schedules of proportionate share of net pension liability and pension contributions - Florida Retirement System, and the schedule of funding progress - Other Post-Employment Benefit Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining fund statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the combining fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 7, 2016, on our consideration of the Town's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 7, 2016

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**MANAGEMENT'S DISCUSSION ANALYSIS
(MD&A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Lauderdale-By-The-Sea financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal in the introductory section and in conjunction with the Town's basic financial statements.

Financial Highlights

The assets of the Town of Lauderdale-By-The-Sea exceeded its liabilities at the close of the most recent fiscal year by \$46,141,198 (*net position*). Of this amount, \$12,260,305 (*unrestricted net position*) may be used to meet the ongoing obligations to citizens and creditors. The Town's net position increased by \$2,206,449 from the prior fiscal year as a result of capital repairs to the Town's infrastructure and other capital improvements.

The Town's total net position, beginning was restated for the effect of adoption of Governmental Accounting Standards Board (GASB) Statements 68 and 71. The restatement is reflected in the current fiscal year's beginning net position. The restatement decreased beginning net position by (\$758,914), additional information regarding GASB 68 and 71 can be found in the notes to the financial statements.

The most significant capital projects undertaken in fiscal year 2015 were:

- ❖ Began work on the streetscape on the remaining two blocks of Commercial Boulevard (Ocean Drive to Seagrape)
- ❖ Started drainage improvements and resurfacing on Basin Drive.
- ❖ Completed drainage improvements on Pine Avenue west Ocean Drive.
- ❖ Completed drainage improvements in the Bel-Air neighborhood..

At the close of the fiscal year 2015, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of \$10,081,400, an increase of \$210,466 from the prior fiscal year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,401,374 or approximately 31% of total general fund expenditures. It is the Town's intent to continue to use the general fund balance to pay for capital projects.

Long-Term Debt

The Town has no debt in any of its governmental or proprietary funds.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of third parties.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Lauderdale-By-The-Sea's basic financial statements which have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Lauderdale-By-The-Sea's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Lauderdale-By-The-Sea's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements distinguish functions of the Town of Lauderdale-By-The-Sea that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Lauderdale-By-The-Sea include general government, public safety, physical environment, recreation, and transportation services.

The business-type activities of the Town of Lauderdale-By-The-Sea include parking and sewer operations.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Lauderdale-By-The-Sea, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town of Lauderdale-By-The-Sea's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Overview of the Financial Statements (Continued)

The Town of Lauderdale-By-The-Sea maintains four individual governmental funds (general, capital projects, and two special revenue funds). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and the total of the two special revenue funds. The general fund and capital projects funds are both considered to be major funds. The two special revenue funds are both considered to be non-major funds.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds The Town of Lauderdale-By-The-Sea maintains one type of proprietary fund, enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its parking and sewer operations.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the sewer and parking operations, both of which are considered to be major funds of the Town of Lauderdale-By- The-Sea.

Fiduciary funds The Town is the sponsor for the Volunteer Firefighters' Pension Plan. The *Pension Trust Fund* uses the accrual basis of accounting and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations.

Notes to the basic financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town of Lauderdale-By-The-Sea's financial position. The Town's total net position exceeded liabilities by \$46,141,198 at the close of the most recent fiscal year.

By far the largest portion of the Town of Lauderdale-By-The-Sea's net position reflects its investment in capital assets (e.g., roadways, improvements, equipment, buildings, and land). The Town uses these capital assets to provide services to citizens; consequently they are not available for future spending. A portion of the Town of Lauderdale-By-The-Sea's net position are subject to external restrictions on how they may be used such as the remaining balance (\$677,566) of the \$1 million settlement received from Pier Pointe which is contractually restricted to El Mar Drive improvements. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

Governmental activities Governmental activities increased the Town's net position by \$581,114 in fiscal year 2015. The increase represents the extent to which the ongoing program and general revenues exceeded the cost of operations and depreciation expense.

Government-Wide Financial Analysis (Continued)

Business-type activities Business-type activities increased the Town of Lauderdale-By-The-Sea's net position by \$1,625,335. Operating revenues from business-type activities increased by 22% as a result of a 26% increase in parking revenues and a 17% increase in sewer revenues. There was decline in sewer expenditures due in large part to reduced spending on repairs to the sewer infrastructure.

Key components of the Town's net position are reflected in the following table:

	Net Position September 30,					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 11,531,488	\$ 10,901,679	\$ 4,559,854	\$ 2,809,070	\$ 16,091,342	\$ 13,710,749
Capital assets, net	23,852,532	23,624,207	8,366,480	8,454,234	32,219,012	32,078,441
Total assets	35,384,020	34,525,886	12,926,334	11,263,304	48,310,354	45,789,190
Deferred outflow s of resources	1,081,969	-	79,546	-	1,161,515	-
Long-term liabilities	1,528,589	115,664	125,129	2,255	1,653,718	117,919
Other liabilities	930,203	837,127	177,960	140,481	1,108,163	977,608
Total liabilities	2,458,792	952,791	303,089	142,736	2,761,881	1,095,527
Deferred outflow s of resources	523,286	-	45,504	-	568,790	-
Net position:						
Investment in capital assets	23,852,532	23,624,207	8,366,480	8,454,234	32,219,012	32,078,441
Restricted for:						
El Mar beautification per contractual agreement	677,566	677,566	-	-	677,566	677,566
Fire department	981,661	792,593	-	-	981,661	792,593
Law enforcement	2,654	155,615	-	-	2,654	155,615
Unrestricted	7,969,498	8,323,114	4,290,807	2,666,334	12,260,305	10,989,448
Total net position	\$ 33,483,911	\$ 33,573,095	\$ 12,657,287	\$ 11,120,568	\$ 46,141,198	\$ 44,693,663

Government-Wide Financial Analysis (Continued)

Key elements of the change in net position are reflected in the following table:

Changes in Net Position For the Fiscal Year Ended September 30,						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services, including fire assessments	\$ 2,635,986	\$ 2,223,642	\$ 3,161,670	\$ 2,582,766	\$ 5,797,656	\$ 4,806,408
Operating grants and contributions	81,530	81,387	-	-	81,530	81,387
Capital grants and contributions	129,127	31,757	-	-	129,127	31,757
General Revenues:						
Property taxes	7,075,673	6,914,773	-	-	7,075,673	6,914,773
Franchise taxes and utility taxes	1,714,761	1,677,798	-	-	1,714,761	1,677,798
Grants and contributions not restricted to specific programs	1,273,084	1,027,448	-	-	1,273,084	1,027,448
Unrestricted investment earnings	32,016	25,361	2,018	2,043	34,034	27,404
Miscellaneous revenues	416,718	477,969	3,300	-	420,018	477,969
Total revenues	13,358,895	12,460,135	3,166,988	2,584,809	16,525,883	15,044,944
Expenses:						
General government	2,471,039	2,408,910	-	-	2,471,039	2,408,910
Public safety	7,092,608	6,254,447	-	-	7,092,608	6,254,447
Transportation	1,515,681	1,381,642	-	-	1,515,681	1,381,642
Recreation	451,763	382,420	-	-	451,763	382,420
Physical environment	1,246,690	1,007,240	-	-	1,246,690	1,007,240
Sewer	-	-	881,679	1,260,183	881,679	1,260,183
Parking	-	-	659,974	490,436	659,974	490,436
Total expenses	12,777,781	11,434,659	1,541,653	1,750,619	14,319,434	13,185,278
Increase in net position	581,114	1,025,476	1,625,335	834,190	2,206,449	1,859,666
Net position - beginning, previously stated	33,573,095	32,547,619	11,120,568	10,286,378	44,693,663	42,833,997
Effect of adoption of GASB No. 68 (Note 1)	(670,298)	-	(88,616)	-	(758,914)	-
Net position - beginning, as restated	32,902,797	32,547,619	11,031,952	10,286,378	43,934,749	42,833,997
Net position - ending	\$ 33,483,911	\$ 33,573,095	\$12,657,287	\$11,120,568	\$46,141,198	\$44,693,663

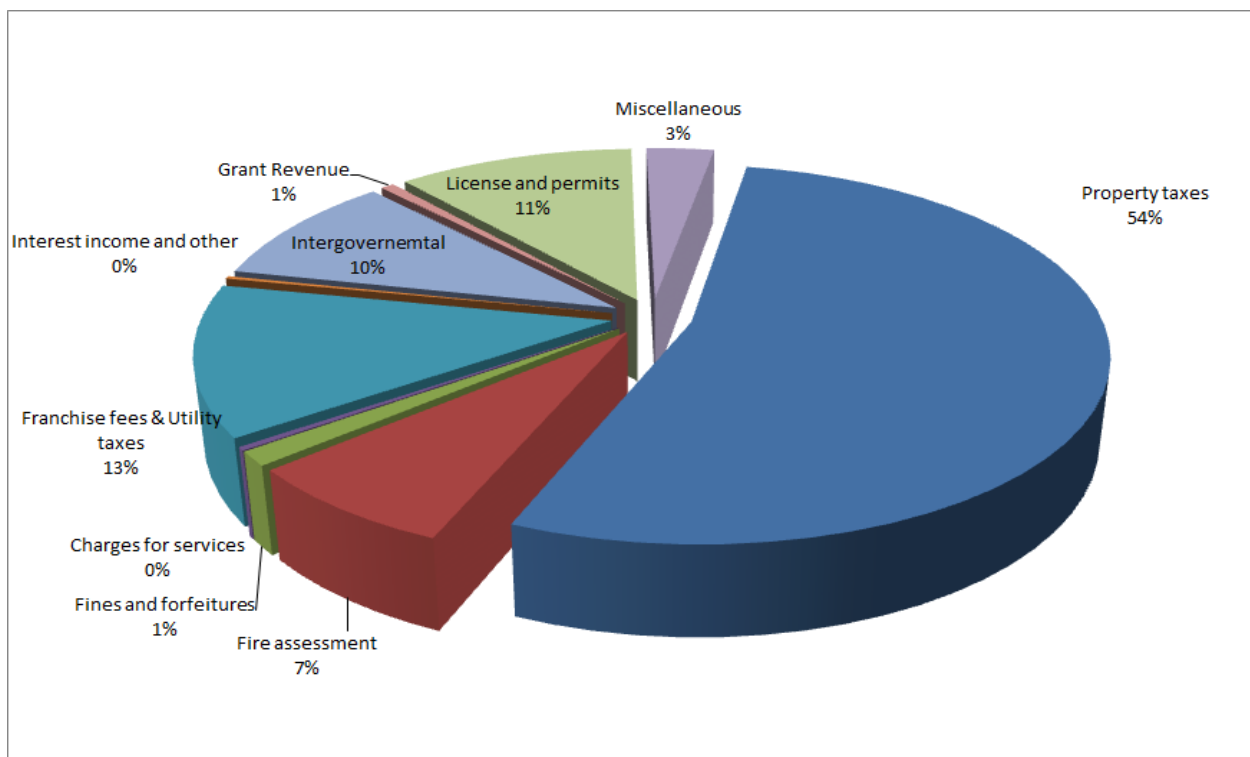
- Property tax revenue increased by \$160,900 as the result of new construction and an increase in property valuations.
- In the governmental funds, revenue from charges for services increased by \$412,344. This increase is largely attributable to a \$615,095 increase in building permit fees and a \$275,087 decline in code enforcement fines collected during the fiscal year. In the proprietary funds, revenue from charges for services increased by \$578,904 due to a \$417,709 increase in parking revenue and a \$161,195 increase in sewer revenue.
- The \$245,636 increase in grants and contributions not restricted to specific programs is the result of having received a \$242,622 non-recurring distribution from the Broward County Solid Waste Resource Recovery Board.

Government-Wide Financial Analysis (Continued)

- The \$838,161 increase in public safety expense is driven by a \$284,932 increase in the cost of the contract with BSO for police services and a \$473,545 increase in building permit inspection services which is the result of an uptick in construction.
- The increase in expenses associated with transportation, recreation, and physical environment are all driven by an increase in depreciation expense which is a direct result of the capital expenditures that occurred in recent years.
- The decline in sewer fund expenses is associated with reduced spending on repairs to the sewer infrastructure.

Revenues – Governmental Activities

The pie chart shows the major categories of revenue in the governmental funds and the percentage of governmental fund revenue represented by each category.



Financial Analysis of the Town's Funds

As noted earlier, the Town of Lauderdale-By-The-Sea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Lauderdale-By-The-Sea's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Lauderdale-By-The-Sea's *governmental funds* reported combined ending fund balances of \$10,081,400, an increase of \$210,466 from the prior fiscal year.

Financial Analysis of the Town's Funds (Continued)

The general fund is the primary operating fund of the Town. At the end of the fiscal year 2015, the fund balance of the general fund was \$7,110,202, a decrease of \$355,564. The decline is the result of having transferred \$1,663,227 to the capital projects fund to cover the cost of the Bel Air, Pine Avenue, and Basin Drive drainage projects; undergrounding utilities at Anglin Square, streetscape and drainage improvements on the middle block of Commercial Boulevard, and the construction of public restrooms. The decline is less than budgeted due to revenues being \$871,939 higher than expected and spending \$328,280 less than budgeted. The higher than expected revenue items were as follows: Property taxes (\$95,256), Franchise and utility taxes (\$91,661), and Intergovernmental revenues (\$234,955), Licenses and permits (\$248,944), and Miscellaneous revenues (\$162,795). There was less spending than expected in the General Government Department (\$148,814) and Municipal Services (\$127,784).

The fund balance of the capital projects fund increased by \$528,921 to \$1,920,611 as a result of the decision to not underground utilities in Anglin Square, and delays in beach bathroom project, the Friedt Municipal Park improvement project, and the Basin Drive drainage project.

Proprietary funds. The Town of Lauderdale-By-The-Sea's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Revenues increased from the prior fiscal year in the proprietary funds. Parking revenues increased by \$417,709 or approximately 26% from the prior fiscal year. The increase is due in part to the fact that during the first quarter of the prior fiscal year parking revenues were negatively impacted by the Commercial Boulevard drainage and streetscape projects. Operating expenses in the sewer fund decreased by \$378,504 primarily due to a reduction in spending on infrastructure repairs. The unrestricted net position of the Sewer and Parking Funds combined at the end of the fiscal year amounted to \$4,290,807 an increase of \$1,624,473 or approximately 61% from the prior fiscal year.

General Fund Budgetary Highlights

The differences in the actual revenues and expenditures as compared to the budget are summarized as follows:

- Ad valorem taxes are budgeted at 95% of anticipated revenue to provide an allowance for uncollected taxes and adjustment in property values as a result of appeals that occur after the millage rate is set. The Broward County Value Adjustment Board did lower the property valuations of many properties in Town after the millage rate was adopted. Property tax collections amounted to 96.3% of possible revenues.
- Utility taxes came in at 108.0% of budgeted levels. Franchise fee collections came in at 102.4% of budgeted levels. Utility taxes increased 4.0% from the prior fiscal year. Franchise fees were flat compared to the prior fiscal year.
- Intergovernmental revenues collected were 122.6% of budget. This represents a 23.9% increase over the prior fiscal year. This increase was primarily the result of a non-recurring distribution from the Broward County Solid Waste Resource Recovery Board in the current fiscal year.
- Licenses, permits and fees revenue was increased by 93.8% relative to the prior fiscal year. The increase is attributable an increase in building activity, and the related building permit revenue. Actual revenues were 120.7% of budget.
- Actual expenditures of the general fund were approximately 2.9% less than budgeted.

Please refer to the Budgetary Comparison Schedule for more detailed information.

Capital Assets

The Town of Lauderdale-By-The-Sea's investment in capital assets for its governmental and business type activities as of September 30, 2015, amounted to \$32,219,012 (net of accumulated depreciation). These are investments in capital assets which include land, buildings, infrastructure, and improvements other than buildings, machinery and equipment.

Additional information on the Town of Lauderdale-By-The-Sea's capital assets can be found in Note 7 of this report.

Economic Factors and Next Year's Budget

According to the University of Central Florida's Institute for Economic Competitiveness' March 2016 report, the Miami-Fort Lauderdale-Pompano Beach area is expected to show mixed levels of growth in key economic indicators. Employment is expected to grow at an average rate of 1.7% each year while unemployment is expected to average 5.2%. Personal income is expected to grow at an average of 4.9% per year.

In preparing the fiscal year 2016 budget, the Town provided funding for the completion of the following projects:

- ❖ Drainage improvements and resurfacing Basin Drive.
- ❖ Finish the streetscape on the remaining two blocks of Commercial Boulevard (Ocean Drive to Seagrape).
- ❖ Design and construct public restrooms.
- ❖ Improvements to Friedt Municipal Park.

Requests for Information

This financial report is designed to provide a general overview of the Town of Lauderdale-By-The-Sea's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Budget and Finance, Town of Lauderdale-By-The-Sea, 4501 Ocean Drive, Lauderdale-By-The-Sea, Florida 33308, or, at financedepartment@lbts-fl.gov.

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BASIC FINANCIAL STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 10,220,127	\$ 4,415,340	\$ 14,635,467
Investments	240,060	-	240,060
Accounts receivable, net	462,487	129,392	591,879
Due from business/governmental type activities	16,538	122	16,660
Prepaid items	233,275	15,000	248,275
Net pension asset - Volunteer Firefighters Pension Plan	359,001	-	359,001
Capital assets:			
Nondepreciable capital assets	2,834,517	6,113,175	8,947,692
Depreciable capital assets, net	21,018,015	2,253,305	23,271,320
Total assets	35,384,020	12,926,334	48,310,354
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Volunteer Firefighters Pension Plan	167,174	-	167,174
Florida Retirement System Pension Plan	914,795	79,546	994,341
Total deferred outflows of resources	1,081,969	79,546	1,161,515
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and other liabilities	300,692	104,075	404,767
Contracts and retainage payable	322,041	-	322,041
Accrued liabilities	133,505	2,428	135,933
Due to business/governmental type activities	122	16,538	16,660
Unearned revenues	159,046	54,919	213,965
Deposits	14,797	-	14,797
Noncurrent liabilities due within one year	10,969	-	10,969
Noncurrent liabilities:			
Net Other Post Employment Benefit obligation	5,870	2,255	8,125
Net pension liability - Florida Retirement System	1,413,028	122,874	1,535,902
Due in more than one year	98,722	-	98,722
Total liabilities	2,458,792	303,089	2,761,881
Deferred inflows of resources:			
Florida Retirement System Pension Plan	523,286	45,504	568,790
Total deferred outflows of resources	523,286	45,504	568,790
Net position:			
Investment in capital assets	23,852,532	8,366,480	32,219,012
Restricted for:			
El Mar beautification per contractual agreement	677,566	-	677,566
Law enforcement	2,654	-	2,654
Fire department	981,661	-	981,661
Unrestricted	7,969,498	4,290,807	12,260,305
Total net position	\$ 33,483,911	\$ 12,657,287	\$ 46,141,198

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,471,039	\$ 1,618,957	\$ -	\$ -	\$ (852,082)	\$ -	\$ (852,082)
Public safety	7,092,608	1,017,029	-	-	(6,075,579)	-	(6,075,579)
Transportation	1,515,681	-	-	-	(1,515,681)	-	(1,515,681)
Recreation	451,763	-	81,530	129,127	(241,106)	-	(241,106)
Physical environment	1,246,690	-	-	-	(1,246,690)	-	(1,246,690)
Total government activities	12,777,781	2,635,986	81,530	129,127	(9,931,138)	-	(9,931,138)
Business-type activities:							
Sewer	881,679	1,127,694	-	-	-	246,015	246,015
Parking	659,974	2,033,976	-	-	-	1,374,002	1,374,002
Total business-type activities	1,541,653	3,161,670	-	-	-	1,620,017	1,620,017
Total primary government	\$ 14,319,434	\$ 5,797,656	\$ 81,530	\$ 129,127	(9,931,138)	1,620,017	(8,311,121)
General revenues:							
Property taxes					7,075,673	-	7,075,673
Franchise taxes and utility taxes					1,714,761	-	1,714,761
Grants and contributions not restricted to specific programs					1,273,084	-	1,273,084
Unrestricted investment earnings					32,016	2,018	34,034
Miscellaneous revenues					416,718	3,300	420,018
Total general revenues and transfers					10,512,252	5,318	10,517,570
Change in net position					581,114	1,625,335	2,206,449
Net position - beginning, previously stated					33,573,095	11,120,568	44,693,663
Effect of adoption of GASB No. 68 and 71 (Note 1)					(670,298)	(88,616)	(758,914)
Net position - beginning, as restated					32,902,797	11,031,952	43,934,749
Net position - ending					\$ 33,483,911	\$ 12,657,287	\$ 46,141,198

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Major Funds			Total
	General	Capital	Non-Major	Total
	Fund	Projects	Funds	Governmental
		Fund		Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,961,178	\$ 2,253,138	\$ 1,005,811	\$ 10,220,127
Investments	240,060	-	-	240,060
Accounts receivable, net	462,487	-	-	462,487
Due from other funds	26,054	56	-	26,110
Prepaid items	167,003	-	66,272	233,275
Total assets	<u>\$ 7,856,782</u>	<u>\$ 2,253,194</u>	<u>\$ 1,072,083</u>	<u>\$ 11,182,059</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and other liabilities	\$ 300,692	\$ -	\$ -	\$ 300,692
Contracts and retainage payable	-	322,041	-	322,041
Accrued liabilities	132,477	1,028	-	133,505
Due to other funds	180	9,514	-	9,694
Unearned revenue	137,550	-	21,496	159,046
Deposits	14,797	-	-	14,797
Total liabilities	<u>585,696</u>	<u>332,583</u>	<u>21,496</u>	<u>939,775</u>
Deferred inflows of resources:				
Unavailable revenue	160,884	-	-	160,884
Total deferred inflows of resources	<u>160,884</u>	<u>-</u>	<u>-</u>	<u>160,884</u>
Fund balances:				
Nonspendable:				
Prepaid items	167,003	-	66,272	233,275
Restricted for:				
Fire department	-	-	981,661	981,661
El Mar beautification per contract	-	677,566	-	677,566
Committed for:				
License plate reader system contract	-	-	2,654	2,654
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Capital projects	-	1,243,045	-	1,243,045
Subsequent year's expenditures	1,208,720	-	-	1,208,720
Unassigned	3,401,374	-	-	3,401,374
Total fund balances	<u>7,110,202</u>	<u>1,920,611</u>	<u>1,050,587</u>	<u>10,081,400</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,856,782</u>	<u>\$ 2,253,194</u>	<u>\$ 1,072,083</u>	<u>\$ 11,182,059</u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Fund balance - governmental funds	\$ 10,081,400
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial assets and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the assets of the government as a whole.

Cost of capital assets	37,864,499	
Accumulated depreciation	<u>(14,011,967)</u>	23,852,532

Revenues that do not meet the availability criteria are reported as unavailable revenue in the governmental fund financial statements; these amounts are reported as revenues in the government-wide financial statements.	160,884
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The net pension asset is not reported as a fund asset in the governmental fund financial statements, but is reported as an asset in the government-wide financial statements.	359,001
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Deferred outflows of resources related to the pension are recorded in the statement of net position.	1,081,969
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Deferred inflows of resources related to the pension are recorded in the statement of net position.	(523,286)
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Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Compensated absences	(109,691)	
Net pension liability - Florida Retirement System	(1,413,028)	
Other Post Employment Benefit obligation	(5,870)	

Net position of governmental activities	<u><u>\$ 33,483,911</u></u>
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See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Major Funds			Total
	General	Capital	Non-Major	Governmental
	Fund	Projects	Funds	Funds
		Fund		
Revenues:				
Property taxes and fire assessments	\$ 7,075,673	\$ -	\$ 977,094	\$ 8,052,767
Franchise fees and utility taxes	1,714,761	-	-	1,714,761
Intergovernmental	1,273,084	-	-	1,273,084
Fines and forfeitures	165,437	-	-	165,437
Charges for services	10,005	-	29,930	39,935
Licenses and permits	1,453,520	-	-	1,453,520
Interest income and other	31,026	972	18	32,016
Grant revenue	81,530	-	-	81,530
Miscellaneous revenues	304,195	100,000	12,523	416,718
Total revenues	12,109,231	100,972	1,019,565	13,229,768
Expenditures:				
Current:				
General government	2,343,232	88,218	-	2,431,450
Public safety	6,226,842	-	806,990	7,033,832
Transportation	1,419,610	-	-	1,419,610
Recreation	439,763	-	-	439,763
Physical environment	225,740	-	-	225,740
Capital outlay	166,381	1,147,060	155,466	1,468,907
Total expenditures	10,821,568	1,235,278	962,456	13,019,302
Excess (deficiency) of revenues over (under) expenditures	1,287,663	(1,134,306)	57,109	210,466
Other financing sources (uses):				
Transfers in	20,000	1,663,227	-	1,683,227
Transfers out	(1,663,227)	-	(20,000)	(1,683,227)
Total other financing sources (uses)	(1,643,227)	1,663,227	(20,000)	-
Net change in fund balances	(355,564)	528,921	37,109	210,466
Fund balances, beginning	7,465,766	1,391,690	1,013,478	9,870,934
Fund balances, ending	\$ 7,110,202	\$ 1,920,611	\$ 1,050,587	\$ 10,081,400

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds	\$ 210,466
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of certain of those assets is eliminated and capitalized as capital assets.	1,429,278
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.	(1,200,953)
Revenues in the statement of activities that do not provide current financial resources are unavailable in the governmental fund financial statements	160,884
Revenues previously recognized in the government-wide financial statements have been recognized in the fund statements during the current year and therefore need to be deleted from the government-wide financial statements.	(31,757)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. The details of the differences are as follows:	
Change in compensated absences	102
Florida Retirement System Pension Plan pension expense	(2,390)
Volunteer Firefighters Pension Plan pension expense	15,484
Change in net position of governmental activities	<u>\$ 581,114</u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Enterprise Funds		
	Sewer Utility System	Parking	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,553,405	\$ 2,861,935	\$ 4,415,340
Accounts receivable, net	117,106	12,286	129,392
Restricted Assets:			
Due from other funds	43	79	122
Prepaid items	-	15,000	15,000
Total current assets	1,670,554	2,889,300	4,559,854
Noncurrent Assets:			
Capital Assets:			
Land	-	6,113,175	6,113,175
Equipment	13,275	85,575	98,850
Buildings and utility plant	2,920,148	875,004	3,795,152
Total capital assets	2,933,423	7,073,754	10,007,177
Less accumulated depreciation	(1,429,796)	(210,901)	(1,640,697)
Net capital assets	1,503,627	6,862,853	8,366,480
Total noncurrent assets	1,503,627	6,862,853	8,366,480
Total assets	3,174,181	9,752,153	12,926,334
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Florida Retirement System Pension Plan	39,773	39,773	79,546
Total deferred outflows of resources	39,773	39,773	79,546
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Current Liabilities:			
Accounts payable	63,712	40,363	104,075
Accrued liabilities	-	2,428	2,428
Due to other funds	15,956	582	16,538
Unearned revenue	-	54,919	54,919
Total current liabilities	79,668	98,292	177,960
Long-Term Liabilities:			
Other Post Employment Benefit Obligation	385	1,870	2,255
Net pension liability - Florida Retirement System	61,437	61,437	122,874
Total long-term liabilities	61,822	63,307	125,129
Total Liabilities	141,490	161,599	303,089
Deferred inflows of resources:			
Florida Retirement system Pension Plan	22,752	22,752	45,504
Total deferred outflows of resources	22,752	22,752	45,504
Net position:			
Investment in capital assets	1,503,627	6,862,853	8,366,480
Unrestricted	1,546,085	2,744,722	4,290,807
Total net position	\$ 3,049,712	\$ 9,607,575	\$ 12,657,287

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Funds		
	Sewer Utility		
	System	Parking	Total
Operating revenues:			
Charges for services	\$ 1,127,694	\$ 2,033,976	\$ 3,161,670
Total operating revenues	1,127,694	2,033,976	3,161,670
Operating expenses:			
Operating, administrative and maintenance	819,904	633,995	1,453,899
Depreciation and amortization	61,775	25,979	87,754
Total operating expenses	881,679	659,974	1,541,653
Operating income	246,015	1,374,002	1,620,017
Nonoperating revenues (expenses):			
Interest income	823	1,195	2,018
Other nonoperating income	-	3,300	3,300
Total nonoperating revenues (expenses)	823	4,495	5,318
Change in net position	246,838	1,378,497	1,625,335
Total net position - beginning, previously stated	2,847,182	8,273,386	11,120,568
Effect of adoption of GASB No. 68 (Note 1)	(44,308)	(44,308)	(88,616)
Net position - beginning, as restated	2,802,874	8,229,078	11,031,952
Total net position - ending	\$ 3,049,712	\$ 9,607,575	\$ 12,657,287

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Funds		
	Sewer Utility		
	System	Parking	Total
Cash Flow s From Operating Activities			
Receipts from customers and users	\$ 1,185,887	\$ 2,038,507	\$ 3,224,394
Payments to suppliers	(717,663)	(501,086)	(1,218,749)
Payments to employees	(92,115)	(102,221)	(194,336)
Net cash provided (used) by operating activities	376,109	1,435,200	1,811,309
Cash Flow s Provided (Used) By Noncapital Financing Activities			
Miscellaneous	-	3,300	3,300
Net cash provided (used) by noncapital financing	-	3,300	3,300
Cash Flow s Provided (Used) By Investing Activities			
Interest received	823	1,195	2,018
Net cash provided (used) by investing activities	823	1,195	2,018
Net increase (decrease) in cash	376,932	1,439,695	1,816,627
Cash and cash equivalents, beginning	1,176,473	1,422,240	2,598,713
Cash and cash equivalents, ending	\$ 1,553,405	\$ 2,861,935	\$ 4,415,340
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities operating income (loss):	\$ 246,015	\$ 1,374,002	\$ 1,620,017
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	61,775	25,979	87,754
Changes in assets and liabilities:			
(Increase)/Decrease in accounts receivable	49,496	(5,871)	43,625
(Increase)/Decrease in interfund receivable	(43)	4,031	3,988
(Increase)/Decrease in prepaid items	-	18,230	18,230
(Increase)/Decrease in deferred outflow s of resources	(17,414)	(17,414)	(34,828)
Increase/(Decrease) in accounts payable	10,018	10,070	20,088
Increase/(Decrease) in accrued liabilities	-	2,280	2,280
Increase/(Decrease) in interfund payable	8,740	(2,549)	6,191
Increase/(Decrease) in unearned revenue	-	8,920	8,920
Increase/(Decrease) in deferred inflow s of resources	(5,299)	(5,299)	(10,598)
Increase/(Decrease) in net pension liability	22,821	22,821	45,642
Total adjustments	130,094	61,198	191,292
Net cash provided (used) by operating activities	\$ 376,109	\$ 1,435,200	\$ 1,811,309

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2015

	<u>Pension Trust Fund</u>
<u>ASSETS</u>	
Cash	\$ 9,250
Investments, at fair value	1,653,492
Accrued income	5,205
Receivables:	
Due from State	110,610
Total assets	<u>1,778,557</u>
Liabilities	
Accounts payable	15,020
Total liabilities	<u>\$ 15,020</u>
<u>NET POSITION</u>	
Net position restricted for pensions	<u><u>\$ 1,763,537</u></u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Plan member	\$ 14,458
State	110,610
Town	14,458
Total contributions	<u>139,526</u>
Investment income (loss):	
Net depreciation in fair value of investments	(45,681)
Interest and dividends	28,549
Net investment income (loss)	<u>(17,132)</u>
Total additions	<u>122,394</u>
DEDUCTIONS	
Pension benefits	15,194
Refunds of contributions	7,981
Administrative expenses	55,010
Total deductions	<u>78,185</u>
Net increase (decrease)	44,209
Net position restricted for pensions:	
Beginning	1,719,328
Ending	<u><u>\$ 1,763,537</u></u>

See notes to the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lauderdale-By-The-Sea, Florida ("Town") was incorporated in 1947. The Town operates under a Commission-Manager form of government and provides a full range of municipal services, including public safety (police and fire), parks and recreation, public works, building, zoning and code enforcement, and general administrative services. The Town also operates two enterprise activities: sewer and parking.

The basic financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

1. Financial Reporting Entity

The financial statements were prepared in accordance with governmental accounting standards, which establish standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. The Town is financially accountable for a component unit if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. A blended component unit, although a legally separate entity, is, in substance, part of the Town's operations and so data from this unit is combined with data of the Town. Based upon the application of these criteria, there were no organizations that met the criteria described above.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific or segment. *Program revenues* include: 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due.

The Town's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

Property taxes, charges for services, franchise fees and other taxes, intergovernmental revenues, and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. Other receipts and fees, including fines, become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all or most of the Town's general activities except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The Town reports the following non-major governmental funds:

The *Police Training and Forfeiture Fund* is used to account for the portion of traffic citation revenue dedicated to police training, the confiscation of property and the related authorized law enforcement expenditures.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The *Fire Fund* is used to account for the fire assessment revenues dedicated to fire protection and fire prevention services and the related authorized volunteer fire department expenditures.

The Town reports the following major proprietary funds:

The *Sewer Utility Fund* accounts for the activities associated with providing sewer services within the Town.

The *Parking Fund* accounts for parking meter revenue in the Town's business district.

Additionally, the Town reports the following fund type:

The *Pension Trust Fund* accounts for the activities of the Volunteer Fire Department's Pension Plan and the accumulation of resources for pension benefits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's various utility functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. New Accounting Standards Adopted

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*

The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations by providing guidance specific to the situations and circumstances encountered within the governmental environment.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of GASB 68 and 71 had the following effect on the beginning net position in fiscal year 2015 on the governmental activities:

	Governmental Activities
Net position, previously stated	\$ 33,573,095
Adjustment for Volunteer Firefighters Pension Plan	348,830
Adjustment for Florida Retirement System Pension Plan	(534,752)
Adjustment for Retiree Health Insurance Subsidy Program	(484,376)
Net position, restated	<u>\$ 32,902,797</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. New Accounting Standards Adopted (Continued)

The implementation of GASB 68 had the following effect on the beginning net position in fiscal year 2015 on the enterprise funds and the business-type activities:

	Enterprise Funds		
	Sewer Utility System	Parking	Business-type Activities
Net position, previously stated	\$ 2,847,182	\$ 8,273,386	\$ 11,120,568
Adjustment for Florida Retirement System Pension Plan	(23,249)	(23,249)	(46,498)
Adjustment for Retiree Health Insurance Subsidy Program	(21,059)	(21,059)	(42,118)
Net position, restated	<u>\$ 2,802,874</u>	<u>\$ 8,229,078</u>	<u>\$ 11,031,952</u>

5. Capital Assets

Capital assets which include property, plant and equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The Town has elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired since 1980.

The costs of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the fiscal year ended 2015, there was no interest to be capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Utility plant	25 - 75
Infrastructure	50
Improvements other than buildings	25
Furniture, fixtures, machinery and equipment	5 - 10
Motor vehicles	5 - 7

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Deposits and Investments

Town administration is authorized to invest in those instruments authorized by the Florida statutes.

All investments, except the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP), are reported at fair value. The Florida PRIME is recorded at the value of the pool shares (2a-7 like pool), which is fair value.

Cash and cash equivalents, for purposes of the statement of cash flows, include cash and investments which are defined as short-term, highly liquid investments with original maturities of twelve months or less.

7. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

8. Receivables

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables, if any, are based upon historical trends and the periodic aging of receivables.

9. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

10. Compensated Absences

Town employees are granted vacation in varying amounts based on length of service and sick leave at the rate of one day per month. For employees hired after September 30, 2011, up to 15 days of annual leave may be carried forward from one calendar year into the next calendar year. Accumulated leave in excess of 15 days must be used by December 31st of each calendar year or it will be lost. In the event of termination, an employee is reimbursed for accumulated vacation days. Up to 60 days of sick leave may be accrued and carried forward into the next year. Employees hired prior to October 1, 2011 are reimbursed for 25% of accumulated sick leave upon leaving Town employment in good standing. Employees hired after September 30, 2011 will be reimbursed for 0% - 15% of accumulated sick leave, depending on their number of years of continuous service.

The cost of accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements or resignations. The general fund has been used to liquidate these amounts.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the bonds using the straight-line method. Bonds are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Unearned Revenue

Unearned revenue arises when resources are received by the Town before it has a legal claim to them.

13. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at fiscal year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

14. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the Town would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the Town reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Net Position

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the Town's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of either of the other two components.

16. Fund Equity

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The Town can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution or ordinance) of the Town Commission, the Town's highest level of decision-making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (resolution or ordinance) that imposed the constraint originally.

Assigned fund balance – Includes spendable fund balance amounts established by the Town Commission that are intended to be used for specific purposes that are neither considered restricted nor committed.

The Town first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

17. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures/expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, pension and postretirement obligations, and useful lives and impairment of tangible and intangible assets, among others. Actual results could differ from these estimates.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. Pensions

Volunteer Firefighters Pension Fund

Plan member contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits paid directly to participants and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. The Town funds the contributions to its Volunteer Firefighters Pension Plan based on the actuarial required contribution. Net pension asset is reported in the government-wide financial statements and represents the difference between the plan's fiduciary net position and the total pension liability.

Florida Retirement System

In the government-wide statement of net position, liabilities are recognized for the Town's proportionate share of the net pension liability for the Florida Retirement System pension plan and Retiree Health Insurance Subsidy Program. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System defined benefit pension plan (FRS Pension Plan) and the Retiree Health Insurance Subsidy Program defined benefit pension plan (HIS Program), and additions to/deductions from the FRS Pension Plan's and the HIS Program's fiduciary net position have been determined on the same basis as they are reported by the FRS Pension Plan and the HIS Program plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

All of the Town's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments - Town

The Town has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, the State Board of Administration investment pool, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and securities of any interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to obligations of the U.S. government, its agencies and instrumentalities and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments – Town (Continued)

The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida PRIME) is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The Town has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the Town.

As of September 30, 2015, the Town had the following investments:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Weighted Average Maturity</u>
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ 240,060	S&P AAAM	29 days
	<u>\$ 240,060</u>		

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. The Town has an investment policy of structuring the investment portfolio in such a manner as to provide sufficient liquidity to pay obligations as they come due. The Town's investment policy limits the maturities on individual investments to no more than two years.

Credit Risk - Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Town's investment policy limits investments to the highest ratings issued by two of the nationally recognized statistical rating organizations (NRSRO) (Standard and Poor's and Moody's investment services).

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold.

Investments - Volunteer Firefighter's Pension Plan

As of September 30, 2015, the Pension Plan had the following investments:

Cash and cash equivalents	
Money markets	\$ 63,613
Fixed income	
US Government obligations	149,267 *
Corporate bonds	533,343 *
Equities	
Common stocks	884,509 *
Foreign stock	22,760
	<u>\$ 1,653,492</u>

* Investment represents 5% or more of the total assets of the portfolio.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments - Volunteer Firefighter's Pension Plan (Continued)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the investments over time for the Plan to market interest rate fluctuations is provided in the following table.

As of September 30, 2015, the Plan's debt security investments had the following maturities:

	Maturity	Fair Value
Federal Farm Credit Bank	March 13, 2026	\$ 50,216
Federal Home Loan Bank	November 7, 2025	25,452
Federal Home Loan Bank	June 11, 2027	24,771
Federal Home Loan Bank	December 10, 2027	23,994
First Federal Community Bank	May 1, 2025	24,834
American Express Credit	August 15, 2019	25,087
Bank of America	January 11, 2018	25,092
JP Morgan Chase	September 10, 2024	24,761
Key Bank	February 1, 2018	25,020
MetLife	March 1, 2025	24,222
US Bancorp	July 15, 2022	24,871
Burlington North Santa Fe	March 15, 2023	24,620
Colgate-Palmolive	November 15, 2021	25,425
Comcast	August 15, 2025	25,192
Costco	December 15, 2019	25,003
EMC Corp	June 1, 2020	25,240
General Electric	October 9, 2022	25,063
John Deere Capital	December 15, 2016	25,049
Kroger	November 1, 2021	25,054
Low e's	September 15, 2024	35,045
Merck & Co	February 10, 2025	24,334
Walt Disney Company	December 1, 2017	25,001
Whirlpool	November 1, 2017	25,078
Commonwealth Edison	November 1, 2024	24,964
National Rural Utilities Cooperative	June 15, 2020	25,078
Public Service Electric & Gas	May 15, 2023	24,144
		<u>\$ 682,610</u>

Credit Risk - For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Fixed income securities shall be one of the four highest classifications of Standard & Poor's or Moody's. The composite credit ratings of applicable investments by type are currently unavailable.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the Plan contains limits on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The Plan's investment policy limits the investment in equities to no more than 65% of the fund's assets at market value. No restriction is placed on the Plan's percentage holdings of bonds or cash.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments - Volunteer Firefighter's Pension Plan (Continued)

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Plan has no formal policy for custodial risk. The underlying securities that comprise the Plan's investments are registered and held by the custodial bank, not in the Plan's name.

NOTE 3 – PROPERTY TAXES

Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Town for the fiscal year ended September 30, 2015 was 3.8 mills.

The tax levy of the Town is established by the Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the local tax levy, which includes Broward County, Broward County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 each year. Broward County mails to each property owner on the assessment roll a notice of the taxes due and Broward County also collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Broward County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2015.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 4 – RECEIVABLES

Receivables for the Town's funds including the applicable allowances for uncollectible accounts as of September 30, 2015 were as follows:

	General Fund	Sewer Utility System	Parking	Total
Receivables:				
Billed	\$ -	\$ 472,640	\$ 12,286	\$ 484,926
Taxes	256,390	-	-	256,390
Intergovernmental	82,539	-	-	82,539
Other	194,061	-	-	194,061
Gross receivables	532,990	472,640	12,286	1,017,916
Less allowance for uncollectibles	(70,503)	(355,534)	-	(426,037)
Net total receivables	<u>\$ 462,487</u>	<u>\$ 117,106</u>	<u>\$ 12,286</u>	<u>\$ 591,879</u>

NOTE 5 – UNEARNED REVENUES

Unearned revenue reported in the governmental funds and the basic financial statements as of September 30, 2015 was as follows:

Occupational licenses	\$ 32,240
Planning advances	5,760
Advertisement advances	803
Right of way advances	59,431
Fire inspection fees	21,496
Other	39,316
	<u>\$ 159,046</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2015 were as follows:

	Receivable	Payable
General Fund	\$ 26,054	\$ 180
Capital Projects Fund	56	9,514
Sewer Utility System Fund	43	15,956
Parking Fund	79	582
	<u>\$ 26,232</u>	<u>\$ 26,232</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Transfers between the general fund and capital projects fund were to fund capital improvement projects. Transfers from the fire fund to the general fund were to move revenues from the fund where collection occurred to the fund where funds have been reallocated for use, in accordance with the fiscal year 2015 budget.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the fiscal year ended September 30, 2015 were as follows:

	Transfers In In	Transfers Out Out
General Fund	\$ 20,000	\$ 1,663,227
Capital Projects Fund	1,663,227	-
Fire Fund	-	20,000
	<u>\$ 1,683,227</u>	<u>\$ 1,683,227</u>

NOTE 7 – CAPITAL ASSETS

Capital assets for the governmental activities for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,939,254	\$ -	\$ -	\$ 1,939,254
Construction in progress	597,432	873,305	(575,474)	895,263
Total capital assets, not being depreciated	<u>2,536,686</u>	<u>873,305</u>	<u>(575,474)</u>	<u>2,834,517</u>
Capital assets, being depreciated:				
Building and building improvements	4,253,913	-	-	4,253,913
Improvements other than buildings	21,871,458	877,379	-	22,748,837
Furniture, fixtures, machinery and equipment	1,088,004	175,759	-	1,263,763
Motor vehicles	783,039	78,309	-	861,348
Infrastructure	5,902,121	-	-	5,902,121
Total capital assets, being depreciated	<u>33,898,535</u>	<u>1,131,447</u>	<u>-</u>	<u>35,029,982</u>
Less accumulated depreciation:				
Building and building improvements	1,178,616	87,551	-	1,266,167
Improvements other than buildings	5,819,208	758,711	-	6,577,919
Furniture, fixtures, machinery and equipment	838,314	146,979	-	985,293
Motor vehicles	508,701	95,105	-	603,806
Infrastructure	4,466,175	112,607	-	4,578,782
Total accumulated depreciation	<u>12,811,014</u>	<u>1,200,953</u>	<u>-</u>	<u>14,011,967</u>
Total capital assets, being depreciated, net	<u>21,087,521</u>	<u>(69,506)</u>	<u>-</u>	<u>21,018,015</u>
Governmental activities capital assets, net	<u>\$ 23,624,207</u>	<u>\$ 803,799</u>	<u>\$ (575,474)</u>	<u>\$ 23,852,532</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets for the business-type activities for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,113,175	\$ -	\$ -	\$ 6,113,175
Construction in progress	66,367	-	(66,367)	-
Total capital assets, not being depreciated	6,179,542	-	(66,367)	6,113,175
Capital assets, being depreciated:				
Buildings and utility plant	3,728,785	66,367	-	3,795,152
Equipment	98,850	-	-	98,850
Total capital assets, being depreciated	3,827,635	66,367	-	3,894,002
Less accumulated depreciation:				
Buildings and utility plant	1,530,391	75,292	-	1,605,683
Equipment	22,552	12,462	-	35,014
Total accumulated depreciation	1,552,943	87,754	-	1,640,697
Total capital assets, being depreciated, net	2,274,692	(21,387)	-	2,253,305
Business-type activities capital assets, net	\$ 8,454,234	\$ (21,387)	\$ (66,367)	\$ 8,366,480

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 38,628
Public safety	73,979
Transportation	95,105
Recreation	12,000
Physical environment	981,241
Total depreciation expense, governmental activities	<u>\$ 1,200,953</u>
Business-type activities:	
Sewer utility	\$ 61,775
Parking	25,979
Total depreciation expense, business-type activities	<u>\$ 87,754</u>

NOTE 8 – LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 109,793	\$ 126,911	\$ (127,013)	\$ 109,691	\$ 10,969
	<u>\$ 109,793</u>	<u>\$ 126,911</u>	<u>\$ (127,013)</u>	<u>\$ 109,691</u>	<u>\$ 10,969</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 9 – OPERATING LEASES (LESSOR)

On February 28, 2013, the Town entered into an agreement to lease certain real property for use as a restaurant. The term of the lease is for a period of five years commencing on March 1, 2013 and ending February 28, 2018, with an option for additional five year renewal options. Minimum future rental payments on this lease as of September 30, 2015 are as follows:

Fiscal Year Ending September 30,	Annual Minimum Payments
2016	\$ 59,635
2017	61,424
2018	25,908
Total	<u>\$ 146,967</u>

Included in the buildings and building improvements classification in Note 7 is the building which is currently being leased. The cost of the building is \$1,406,644 and accumulated depreciation of \$282,892. For the fiscal year ended September 30, 2015, rental income received from the lease was approximately \$62,000.

NOTE 10 – OPERATING LEASES (LESSEE)

On September 8, 2015, the Town entered into an agreement to lease a certain parcel of land from Flamingo East, LLC (“Lessor”) for use as a public parking lot. The term of the lease is for a period of twenty years commencing on September 8, 2015 and ending September 7, 2035, with an option for two additional ten year renewal options. Beginning October 1, 2015, the Town shall pay Lessor, on a monthly basis, rent in an amount equal to 50% of the prior month’s net parking revenues (as defined in the lease agreement). Beginning May 1, 2016, or upon completion of the construction of the new parking lot, whichever occurs first, the Town shall pay the Lessor, on a monthly basis, rent in an amount equal to 85% of the prior month’s net parking revenues.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Interlocal Agreements

The Town entered into an interlocal agreement with Broward Sheriff’s Office on February 23, 2001 with an effective date of March 1, 2001 for police services in the Town. The agreement is for a five (5) year period and can be renewed for an additional two periods of five (5) years each, for a total of fifteen (15) years, without further action of the parties, unless terminated by either party as provided in the agreement. The Town has exercised both renewal options. During the fiscal year ended September 30, 2015, the Town paid \$3,850,849 under this agreement.

On December 19, 2011, the Town entered into an agreement with C.A.P. Government, Inc. to conduct plan examinations and inspection services. The original term of the agreement was three years, beginning on January 3, 2012 through December 31, 2014. The Town exercised its renewal options, extending the contract through December 31, 2016. In accordance with the terms of the agreement, C.A.P. Government, Inc. collected \$1,286,667 in the current fiscal year, of which the Town received \$321,667 (or 25%) of actual revenue received for permit applications.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Litigation, Claims and Assessments

The Town is the defendant in four lawsuits related to the Charter building height limitations. Count I sought recovery under the Bert J. Harris, Jr. Private Property Rights Protection Act and collectively asserted that the Town deprived the private property owners of the reasonably expected investment-backed right to use their property due to land development regulations adopted by the Town. Count II alleged that the Town was estopped from applying the charter height limitations because an annexation agreement between the Town and the South Beach Civic Association provided that the Broward County height regulations then in effect would continue to apply post-annexation. One of the lawsuits also claims breach of a contract to install sanitary sewers. The Town is vigorously defending these claims, which have been consolidated as to liability under the charter building height limitations.

During a prior fiscal year, the Town filed a motion to dismiss, as well as written discovery. A hearing was held on the motion to dismiss which concluded during a prior fiscal year. The court granted the Town's motion to dismiss. The plaintiffs filed an amended complaint, reasserting both counts of the charter height limit related claims, and the Town again moved to dismiss. A hearing on the motion to dismiss the amended claim was held on July 8, 2011. On September 1, 2011, the judge entered an order granting in part and denying in part the Town's motions to dismiss counts I and II of the amended complaints filed in these consolidated cases. The judge again dismissed the first count, which sought compensation under the Bert J. Harris Act. However, the motion was denied as to the count II estoppel claims. Under this claim, the four property owners claim that certain promises contained in an annexation agreement preclude application of the subsequently enacted charter height limits. No monetary damages are sought in connection with count II. The Town filed an answer to count II. On August 20, 2012, the plaintiffs propounded interrogatories and requests for production, but granted an open-ended extension of time to respond to same. The Town ultimately responded to the discovery requests on October 31, 2014. On February 20, 2014, as a result of a status conference, the order consolidating the four cases was clarified. While the judge expressed a desire that the parties begin to prosecute the case with more diligence, no order was entered to that effect, and no substantial efforts have been made by the Plaintiffs to bring this case to resolution. On October 28, 2014, a case management conference was held. Shortly thereafter, the consolidated cases were set for trial during the four week period commencing June 8, 2015. On April 21, 2015, the court entered an agreed order staying further proceedings until November 2, 2015 so that the parties could reenter the pre-suit negotiation procedures contained in the Bert J. Harris Act. An order granting a joint motion extended to extend the stay until May 31, 2016. In May, 2016, the parties filed another joint motion, seeking to extend the stay until August 31, 2016. That motion will be heard on June 13, 2016.

As for the sewer-related claims, the Plaintiff seeks to either compel the Town to connect it to the sanitary sewer system, or to pay the cost of installing a sewer system, which the Complaint alleges to be approximately \$3.35 million. As of the report date, the outcome cannot be determined; therefore, no amounts related to the outcome of this matter have been reflected in the financial statements.

The charter height limit-related claims in count II seek only equitable relief and, therefore, do not introduce the possibility of substantial monetary exposure. In the event that the Bert J. Harris claims contained in count I are revived, the plaintiffs presented the Town with a pre-suit appraisal quantifying the value of the purported loss of development rights at approximately \$21 million. Given that count I has been dismissed, the likelihood of an unfavorable monetary outcome is deemed to be minimal.

On February 9, 2015, an agreed order of dismissal, with prejudice, was approved by the court between the Town and one of the four plaintiffs in the case related to the charter height limit-related case with each party to bear its own costs and attorneys' fees.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Litigation, Claims and Assessments (Continued)

The Town is also a defendant in various lawsuits incidental to its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town Attorney that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grants

Grant monies received and disbursed by the Town are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. Based upon prior experience, the Town does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the Town.

Construction Contracts and Encumbrance Commitments

As of September 30, 2015, the Town had open contracts for various construction projects. The contracts totaled approximately \$1,842,000, of which approximately \$1,361,000 was uncompleted at September 30, 2015. The Town had an additional \$86,895 in encumbrance commitments at September 30, 2015.

NOTE 12 – FLORIDA RETIREMENT SYSTEM

General Information – The Town participates in the statewide Florida Retirement System (“FRS”). All of the Town’s full-time employees are eligible to enroll as members of the FRS. All rates, benefits and amendments are established by the State of Florida through its legislative body. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services (DMS), Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website (www.dms.myflorida.com).

FRS Pension Plan

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The classes of membership within the Town are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

Plan Description (Continued)

- *Regular Class and Senior Management Service Class* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment (COLA) each July and earn monthly interest equivalent to an annual rate of 1.3%. DROP participants with an effective DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.5%. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Basis of Accounting – The FRS fiduciary financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Benefits Provided – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

If the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

Benefits Provided (Continued) – The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 66 or with 33 years of service	
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 30 years of service	1.60
Retirement at age 66 or with 31 years of service	1.63
Retirement at age 67 or with 32 years of service	1.65
Retirement at age 68 or with 33 years of service	1.68
Senior Management Service Class	2.00

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2014 to June 30, 2015		Percent of Gross Salary July 1, 2015 to September 30, 2015	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00%	6.11%	3.00%	5.60%
FRS, Senior Management	3.00%	19.88%	3.00%	19.77%

(1) Employer rates include .04% for administrative costs of the Investment plan.

The Town's contributions to the Plan totaled \$176,542 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Town reported a liability of \$925,142 for its proportionate share of the Plan's net pension liability, \$851,130 in governmental activities and \$74,012 in business-type activities. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Town's proportionate share of the net pension liability was based on the Town's contributions for the year ended June 30, 2015 relative to the contributions made during the year ended June 30, 2014 of all participating members. At June 30, 2015, the Town's proportionate share was .00716%, which was an increase of .00052% from its proportionate share measured as of June 30, 2014.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – For the fiscal year ended September 30, 2015, the Town recognized pension expense of (\$19,048) related to the Pension Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,668	\$ (21,942)
Change of assumptions	61,405	-
Net difference between projected and actual earnings on FRS pension plan investments	325,861	(546,769)
Changes in proportion and differences between Town's FRS contributions and proportionate share of FRS contributions	405,666	-
Town's FRS contributions subsequent to the measurement date	41,051	-
Total	<u>\$ 931,651</u>	<u>\$ (568,711)</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The deferred outflows of resources related to pensions, totaling \$41,051, resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ 18,166
2017	18,166
2018	18,166
2019	200,424
2020	57,583
Thereafter	9,384
Total	<u><u>\$ 321,889</u></u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	7.65%
Long-term expected rate of return, net of investment expense	7.65%
Municipal bond rate (1)	N/A

(1) The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric annual rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed income	18.0%	4.8%	4.7%	4.7%
Global equity	53.0%	8.5%	7.2%	17.7%
Real estate (property)	10.0%	6.8%	6.2%	12.0%
Private equity	6.0%	11.9%	8.2%	30.0%
Strategic investments	12.0%	6.7%	6.1%	11.4%
Total	100.0%			
Assumed inflation - mean		2.6%		1.9%

(1) As outlined in the Plan's investment policy

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

– The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Town's proportionate share of net pension liability \$	2,397,253	\$ 925,142	\$ (299,895)

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Retiree Health Insurance Subsidy Program

Plan Description – The Retiree Health Insurance Subsidy Program (HIS Program)) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Program benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the contribution rate was 1.26% of payroll from October 1, 2014 through June 30, 2015 and 1.66% of payroll for July 1, 2015 through September 30, 2015 pursuant to section 112.363, Florida Statutes. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town's contributions to the HIS Program totaled \$25,159 for the fiscal year ended September 30, 2015.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Town reported a net pension liability of \$610,760 for its proportionate share of the HIS Program's net pension liability, \$561,898 in governmental activities and \$48,862 in business-type activities. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Town's proportionate share of the net pension liability was based on the year ended June 30, 2015 contributions relative to the year ended June 30, 2014 contributions of all participating members. At June 30, 2015, the Town's proportionate share was .00599%, which did not significantly change compared to its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Town recognized a pension expense of \$21,654 related to the HIS Program. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of	Deferred Inflows of
Change of assumptions	\$ 48,051	\$ -
Net difference between projected and actual earnings on HIS pension plan investments	331	-
Changes in proportion and differences between Town's HIS contributions and proportionate share of HIS contributions	6,899	(79)
Town's HIS contributions subsequent to the measurement date	7,409	-
Total	<u>\$ 62,690</u>	<u>\$ (79)</u>

The deferred outflows of resources related to pensions, totaling \$7,409, resulting from Town contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	\$ 9,682
2017	9,682
2018	9,682
2019	9,616
2020	9,582
Thereafter	6,958
Total	<u><u>\$ 55,202</u></u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Valuation Date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.6%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 w ith Projection Scale BB
Actuarial cost method	Individual Entry Age
Discount rate	3.80%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index (1)	3.80%

(1) In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used at June 30, 2014 was 4.29%. The discount rates used at the two dates (i.e. June 30, 2014 and June 30, 2015) differ due to changes in the applicable municipal bond rate.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease 2.80%	Current Discount Rate (3.80%)	1% Increase (4.80%)
Tow n's proportionate share of net pension liability	\$ 695,932	\$ 610,760	\$ 539,739

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS – Defined Contribution Pension Plan

The Town contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2015 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Senior Management	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town's Investment Plan pension expense totaled \$101,261 for the fiscal year ended September 30, 2015.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – VOLUNTEER FIREFIGHTERS PENSION FUND

The Town sponsors the Volunteer Firefighters Pension Plan, a single-employer Public Employee Retirement System defined benefit pension plan. The Plan was established by Ordinance enacted by the Town Council to provide for the creation and operation of the Volunteer Firefighters Pension Plan. The Plan is governed by a five member Board of Trustees. The Board of Trustees' duties include, amongst other responsibilities, making recommendations regarding changes in the provisions of the Plan; however, any changes to the Plan must be approved by the Town Commission. The Plan is reported as a pension trust fund and is included as part of the Town's reporting entity.

Plan Description – All volunteer firefighters of the Town will become members of the Plan upon completion of their application for membership, which must be completed within 30 days of becoming eligible for the Plan. Volunteer firefighters do not receive salaries but receive incentive pay based on calls to which they respond, training sessions and meetings that they attend. Participants should refer to the Plan documents for more complete information. A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 4442 Sea Grape Drive, Lauderdale-By-The-Sea, Florida, 33308.

Basis of Accounting – The Volunteer Firefighters Pension Plan ("Plan") financial statements are prepared on the accrual basis of accounting. All contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative expenses are recorded when incurred.

Pension Plan Reporting – The plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting.

Method Used to Value Cash and Investments – All short-term investments with an original term of less than three months are considered cash equivalents. Investments, which consist primarily of mutual funds, are carried at fair value. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recognized when earned. Dividends are recorded on the ex-dividend date.

Within certain limitations as specified in the Plan, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment advisor.

Pension Benefits – Eligibility for pension benefits is determined by a point system whereby a firefighter must accumulate 30 points during a Plan year to be credited for one year of service. Points are accumulated by attendance at meetings, drills, fires and false alarms. Normal retirement is at age 55 and 10 years of credited service, or the date on which the member has attained the age of 52 having completed 25 years of credited service. The benefit for normal retirement is the greater of 2% of average final compensation times years of credited service or \$10 per month for each year of credited service, payable in a life annuity with other options available. The Plan also provides early and delayed retirement as well as death and disability benefits with benefits dependent on earnings, length of service or years of contributions, and age upon retirement, death or disability.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Contributions and Funding Policy – Funding is based on actuarial determined required contributions using the Aggregate Actuarial Cost Method. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the actuarial accrued liability. Firefighters are required to contribute 5% of earnings to the Plan. Contributions from the State of Florida pursuant to Chapter 175, Florida Statutes, are based on the amount of fire insurance written by private insurers on property within Town limits. The annual required contribution for the year ended September 30, 2015 was determined using the October 1, 2014 actuarial valuation. The Town is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan. Actual contributions in fiscal year 2015 were as follows: State of Florida \$110,610, Town \$14,458 and members \$14,458.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Town's net pension asset for the Volunteer Firefighters Pension Plan is measured as the total pension liability less the pension plans' fiduciary net position. At September 30, 2015, the Town reported a net pension asset of \$359,001 related to the Volunteer Firefighters Pension Plan. The net pension liability was measured as of September 30, 2014, using an annual actuarial valuation as of October 1, 2013. For the fiscal year ended September 30, 2015, the Town recognized pension expense of \$15,484. The changes in the Net Pension Asset follow:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at September 30, 2013	\$ 1,174,763	\$ 1,518,424	\$ (343,661)
Changes in the year:			
Service cost	48,234	-	48,234
Interest on the total pension liability	38,136	-	38,136
Differences between actual and expected experience in the measurement of the TPL	-	-	-
Contributions - Employer (from Town)	-	13,976	(13,976)
Contributions - Employer (from State)	-	153,054	(153,054)
Contributions - Employees	-	13,976	(13,976)
Net investment income	-	58,637	(58,637)
Benefit payments	(15,194)	(15,194)	-
Refunds	(15,195)	(15,195)	-
Pension plan administrative expense	-	(8,350)	8,350
Other changes	129,583	-	129,583
Net changes	185,564	200,904	(15,340)
Balance at September 30, 2014	\$ 1,360,327	\$ 1,719,328	\$ (359,001)

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Firefighters Pension Fund from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows of Resources
Net Difference between projected and actual earnings on pension plan investments	\$ 42,106	\$ -	\$ 42,106
Employer's contributions subsequent to the measurement date	125,068	-	125,068
	<u>\$ 167,174</u>	<u>\$ -</u>	<u>\$ 167,174</u>

The deferred outflows of resources related to pensions, totaling \$125,068, resulting from employer contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Net Deferred Outflows of Resources
2016	\$ 10,526
2017	10,526
2018	10,526
2019	10,528
Total	<u>\$ 42,106</u>

Membership – As of October 1, 2014, the date of the latest actuarial valuation, firefighters' membership data related to the Plan as stated in the actuarial valuation was as follows:

Retirees and beneficiaries currently receiving benefits and former volunteers entitled to receive benefits but not yet receiving them	<u>8</u>
Current volunteers:	
Fully vested	7
Non-vested	<u>44</u>
Total	<u><u>51</u></u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Actuarial Methods and Significant Assumptions – Significant actuarial assumptions and other inputs used to measure the total pension liability are as follows:

Valuation date	October 1, 2013
Measurement date	September 30, 2014
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	7.0%
Inflation	3.0%
Salary increases	5.5%
Investment Rate of Return	7.0%
Retirement age	The later of normal retirement eligibility or one year after the valuation.
Mortality	1983 Group Annuity Mortality Table for males and females. There is no provision for future mortality improvement in the current mortality assumption.

Effective for the Actuarial Valuation as of October 1, 2014, the investment return assumption was lowered from 7.0% to 6.5% and the mortality table has been updated from the 1983 Group Annuity Mortality Table for males and females to the RP-2000 Combined Mortality Table with Blue Collar Adjustment for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

Development of Single Discount Rate

Single Discount Rate	7.00%
Long-Term Expected Rate of Return	7.00%
Long-Term Municipal Bond Rate*	4.11%
Last year ending September 30 in the 2015 to 2114 projection period for which projected benefit payments are fully funded	2114

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of September 25, 2014. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

A single discount rate of 7% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7%) was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Sensitivity of the Town's Net Position Liability to Changes in the Discount Rate – Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability calculated using a single discount rate of 7%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher.

	Current Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ (288,305)	\$ (359,001)	\$ (417,743)

NOTE 14 – DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The plan was established, and the provisions of the plan, including contribution rates, may be amended by the Town Commission. As outlined in the Town's personnel policies manual, if an employee eligible to participate in the Town's health insurance program does not elect to participate, the Town will contribute 80% of the Town's normal health insurance contribution for an employee with no spouse or dependent coverage to the deferred compensation plan on their behalf in lieu of providing health insurance. Additionally, contributions are also paid to the deferred compensation plan on behalf of the Town Manager. Except for the plan provisions related to loans, the deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency. The plan is administered by Nationwide Retirement Solutions. Except for the plan provisions related to loans, the Town has no fiduciary responsibility for the plan and therefore, the Town does not report the balances and activities in its financial statements. During the current fiscal year, the Town contributed approximately \$36,000 on behalf of employees to the deferred compensation plan and employees contributed approximately \$70,000.

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS

Plan Description – Pursuant to Section 112.081, Florida Statutes, the Town is required to permit eligible retirees and their eligible dependents to participate in the Town's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. These retirees pay 100% of the blended rate for active and retired employees. Because the blended rate is greater than that of a plan including active employees only and less than that of a plan including retirees only, the amount the Town expends for active employees includes an implicit subsidy for participating retirees and dependents.

Membership – Participants of the plan consisted of the following at September 30, 2015:

Retirees and beneficiaries	
currently receiving benefits	5
Active employees	35
Total	<u>40</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions – An actuarial valuation was performed as of October 1, 2013, for the purpose of enhancing the Town's understanding of the OPEB obligation and to establish policy implications regarding the funding of this obligation. The actuary's estimate, using the Entry Age Normal Cost Method, included other actuarial assumptions as classified below. The calculation produced an unfunded actuarially accrued liability (UAAL) of \$89,116, and an estimated net OPEB obligation of \$8,126. At this time, the Town has opted to pay as you go rather than fund a portion or the entire net OPEB obligation.

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the prior fiscal year were as follows:

Valuation date	October 1, 2013
Actuarial cost method	Entry age normal
Amortization method for unfunded actuarial liability	Level dollar, closed
Amortization period - closed	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	0.00%
Health Care inflation:	
Pre-Medicare and Post-Medicare	7.5% in fiscal year 2014, trending to 4.5% in 2019

The actuarial valuation of the calculation of OPEB involves estimates of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to how whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Fiscal year 2010 was the initial year of implementation. The Town has not contributed assets to the plan at this time.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Funding Progress – Funding progress of the OPEB liability as of October 1, 2013 valuation date, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
October 1, 2013	\$ -	\$ 89,116	\$ 89,116	0%	\$ 1,773,510	5.0%

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation – Calculation of the net OPEB obligation as of the latest actuarial valuation is as follows:

Annual Required Contribution (ARC)	\$ 14,178
Interest on Net OPEB Obligation (NPO)	371
Adjustment to ARC	(512)
Annual OPEB Cost/(Expense)	<u>14,037</u>
Estimated net contributions made	<u>(14,148)</u>
Increase/(Decrease) in NPO	(111)
Net OPEB obligation/(asset), beginning	<u>8,237</u>
Net OPEB obligation/(asset), ending	<u><u>\$ 8,126</u></u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year information for the fiscal years ended September 30 is presented as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
September 30, 2012	\$ 11,360	85.3%	\$ 13,543
September 30, 2013	N/A	N/A	N/A
September 30, 2014	14,037	100.8%	8,126

The net OPEB obligation is reported as a liability in the statement of net position of the Town.

NOTE 16 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the prior fiscal year. The Town provides employee medical benefits through commercial insurance coverage. Settlements during the previous three years did not exceed insurance coverage.

NOTE 17 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 72, Fair Value Measurement and Application

The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. This Statement is effective for periods beginning after June 15, 2015.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 17 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The provisions in this Statement are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

GASB 77 - Tax Abatement Disclosures

The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB 79 - Certain External Investment Pools and Pool Participants

This Statement establishes accounting and financial reporting standards for qualifying external investment pools¹ that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 17 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB 80 - Blending Requirements for Certain Component Units

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

The Town's management has not yet determined the effect these Statements will have on the Town's financial statements.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent to fiscal year end, certain changes were made to the Volunteer Firefighters Pension Plan, including the following: a) Insurance premium tax revenues received by the Town in accordance with Chapter 175, Florida Statutes, shall be utilized to increase the monthly normal retirement benefit to \$42.50 multiplied by the number of years of credited service; however, effective for retirements after March 1, 2003, the benefit shall be at least two percent of average final compensation. b) Insurance premium tax revenues received by the Town may also be utilized for pension related costs. c) A defined contribution plan shall be created as a component of the Town's Pension Plan, but will not be activated unless and until it is funded.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Property taxes	\$ 6,980,417	\$ 6,980,417	\$ 7,075,673	\$ 95,256
Franchise fees and utility taxes	1,623,100	1,623,100	1,714,761	91,661
Intergovernmental	1,038,129	1,038,129	1,273,084	234,955
Fines and forfeitures	136,000	136,000	165,437	29,437
Charges for services	10,600	10,600	10,005	(595)
Licenses and permits	785,000	1,204,576	1,453,520	248,944
Interest income and other	22,000	22,000	31,026	9,026
Grant revenue	81,070	81,070	81,530	460
Miscellaneous revenues	141,400	141,400	304,195	162,795
Total revenues	10,817,716	11,237,292	12,109,231	871,939
Expenditures:				
General Government:				
Town commission	115,863	122,226	122,224	2
Administration	931,875	931,875	868,696	63,179
Legal	338,000	388,000	416,837	(28,837)
General	941,808	803,623	717,236	86,387
Nondepartmental	261,580	262,147	234,064	28,083
Total general government	2,589,126	2,507,871	2,359,057	148,814
Public safety:				
Emergency medical services	754,659	757,264	757,264	-
Police department	3,875,633	3,875,633	3,865,967	9,666
Total public safety	4,630,292	4,632,897	4,623,231	9,666
Municipal services:				
Administrative	980,263	896,224	956,607	(60,383)
Engineer and utilities	241,000	241,000	225,740	15,260
Public works	612,235	724,424	551,517	172,907
Total municipal services	1,833,498	1,861,648	1,733,864	127,784

See notes to Required Supplementary Information.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Development services:				
Development services administrative	439,681	439,681	400,550	39,131
Building services	520,000	939,576	995,094	(55,518)
Code compliance	247,900	247,900	231,514	16,386
Total development services	1,207,581	1,627,157	1,627,158	(1)
Recreation services:				
Beach and recreation	502,775	520,275	478,258	42,017
Total recreation services	502,775	520,275	478,258	42,017
Total expenditures	10,763,272	11,149,848	10,821,568	328,280
Excess (deficiency) of revenues over (under) expenditures	54,444	87,444	1,287,663	1,200,219
Other financing sources (uses):				
Use of fund balance	1,555,783	1,555,783	-	(1,555,783)
Transfers in	20,000	20,000	20,000	-
Transfers out	(1,630,227)	(1,663,227)	(1,663,227)	-
Total other financing sources (uses)	(54,444)	(87,444)	(1,643,227)	(1,555,783)
Net change in fund balance	\$ -	\$ -	(355,564)	\$ (355,564)
Fund balance, beginning			7,465,766	
Fund balance, ending			\$ 7,110,202	

See notes to Required Supplementary Information.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets are adopted for all governmental funds on a basis consistent with accounting principles generally accepted in the United States.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) In July, the Town Manager submits to the Commission a proposed operating and capital budget for the ensuing fiscal year. The budget includes proposed expenditures and the means of financing them.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (d) The Town Commission, by motion, may make supplemental appropriations for the fiscal year.
- (e) Formal budgetary integration is employed as a management control device during the fiscal year for the general fund.
- (f) The Town Manager is authorized to transfer part or all of an unencumbered appropriation balance within a department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission. The classification detail at which expenditures may not legally exceed appropriations is at the department level.
- (g) Unencumbered appropriations lapse at fiscal year-end. Encumbered amounts are reappropriated in the following fiscal year's budget.
- (h) Budgeted amounts are as originally adopted or as amended.

The budget was amended to increase revenues by \$419,576, appropriations by \$386,576 and other financing sources (uses) by \$33,000.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS –
VOLUNTEER FIREFIGHTERS PENSION PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Beginning balance, September 30, 2013	\$ 1,174,763	\$ (1,518,424)	\$ (343,661)
Service cost	48,234	-	48,234
Interest	38,136	-	38,136
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Assumption changes	-	-	-
Benefit payments	(15,194)	15,194	-
Refunds	(15,195)	15,195	-
Administrative expense	-	8,350	8,350
Other (increase in state contribution reserve)	129,583	-	129,583
Contributions - employer	-	(13,976)	(13,976)
Contributions - non-employer contributing entity	-	(153,054)	(153,054)
Contributions - member	-	(13,976)	(13,976)
Net investment income	-	(58,637)	(58,637)
Ending balance, September 30, 2014	\$ 1,360,327	\$ (1,719,328)	\$ (359,001)

Measurement Date	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Asset (NPA)	Funded % (FNP as % TPL)	Covered Member Payroll	NPA as a % of Covered Payroll
September 30, 2014	1,360,327	1,719,328	(359,001)	126.39%	298,081	-120.44%

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS –
VOLUNTEER FIREFIGHTERS PENSION PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Fiscal Year End	(1) Actuarially Determined Contribution (ADC)	(2) Contributions Recognized by the Plan*	(3) Difference Between (1) and (2)	Covered Member Payroll**	Column (2) as a Percentage of Covered Payroll
September 30, 2005	\$ 35,120	\$ 37,145	\$ (2,025)	\$ 250,205	14.85%
September 30, 2006	\$ 43,382	\$ 35,281	\$ 8,101	\$ 225,310	15.66%
September 30, 2007	36,648	36,648	-	249,866	14.67%
September 30, 2008	15,495	15,569	(74)	198,451	7.85%
September 30, 2009	30,674	41,177	(10,503)	111,182	37.04%
September 30, 2010	27,036	40,224	(13,188)	286,224	14.05%
September 30, 2011	27,036	40,460	(13,424)	286,224	*** 14.14%
September 30, 2012	20,932	38,866	(17,934)	347,941	11.17%
September 30, 2013	20,932	40,274	(19,342)	347,941	*** 11.57%
September 30, 2014	153	37,447	(37,294)	298,081	12.56%
September 30, 2015	(107,682)	37,929	(145,611)	249,041	15.23%

* Contributions recognized by the Plan relate to employer and nonemployer entities.

** Estimated covered employee payroll as of September 30, 2015.

*** Expected total covered payroll assumed to be same as expected covered payroll for previous year.

Valuation date	October 1, 2014
Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market Value of Assets

Actuarial assumptions:

Investment rate of return	6.5%
Salary increases	5.5%
Inflation	3%
Retirement age	The later of normal retirement eligibility or one year after the
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 4442 Sea Grape Drive, Lauderdale-By-The-Sea, Florida, 33308 which includes the additional financial reporting requirements of GASB 67, *Financial Reporting for Pension Plans*, including the annual money-weighted rate of return on pension plan investments.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Florida Retirement System Pension Plan

	2015	2014
Town's proportion of the FRS net pension liability	0.007162571%	0.006643557%
Town's proportionate share of the FRS net pension liability	\$ 925,142	\$ 405,355
Town's covered employee payroll	\$ 1,837,884	\$ 1,779,636
Town's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	50.34%	22.78%
FRS plan fiduciary net position as a percentage of the total pension liability	92.00%	92.00%

Retiree Health Insurance Subsidy Program

	2015	2014
Town's proportion of the HIS net pension liability	0.005988766%	0.005989789%
Town's proportionate share of the HIS net pension liability	\$ 610,760	\$ 560,060
Town's covered employee payroll	\$ 1,837,884	\$ 1,779,636
Town's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	33.23%	31.47%
HIS plan fiduciary net position as a percentage of the total pension liability	0.50%	0.50%

(1) The amounts presented for each year were determined as of the measurement

(2) Information is only available for the years presented.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Florida Retirement System Pension Plan

	2015	2014
Contractually required FRS contribution	\$ 206,078	\$ 181,930
FRS contributions in relation to the contractually required contribution	(206,078)	(181,930)
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 1,854,933	\$ 1,797,688
FRS contributions as a percentage of covered employee payroll	11.11%	10.12%

Retiree Health Insurance Subsidy Program

	2015	2014
Contractually required HIS contribution	\$ 23,372	\$ 21,830
HIS contributions in relation to the contractually required contribution	(23,372)	(21,830)
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 1,854,933	\$ 1,797,688
HIS contributions as a percentage of covered employee payroll	1.26%	1.21%

(1) The amounts presented for each fiscal year were determined as of September 30.

(2) Information is only available for the years presented.

Employer contributions to the Florida Retirement System Pension Plan include .04% for administrative costs of the Investment plan.

A publicly available financial statement for the Plan can be obtained from the Florida Department of Management Services (DMS), Division of Retirement, Bureau of Research and Member Communications, PO Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website (www.dms.myflorida.com) which includes additional financial reporting requirements, including the annual money-weighted rate of return on pension plan investments.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POST EMPLOYMENT BENEFIT PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Actuarial	Actuarial	Actuarial	(Over)		Annual	UAAL as
Valuation Date	Value of	Liability (AAL),	Unfunded	Funded	Covered	Percent of
	Plan Assets	Entry Age	AAL	Ratio	Payroll	Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
October 1, 2009	\$ -	\$ 42,184	\$ 42,184	0%	\$ 1,257,243	3.4%
October 1, 2011	-	57,890	57,890	0%	1,099,999	5.3%
October 1, 2013	-	89,116	89,116	0%	1,773,510	5.0%

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COMBINING FUND STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>Special Revenue Funds</u>		<u>Total Non-Major Funds</u>
	<u>Police Training and Forfeiture</u>	<u>Fire Fund</u>	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,654	\$ 1,003,157	\$ 1,005,811
Prepaid items	-	66,272	66,272
Total assets	<u>\$ 2,654</u>	<u>\$ 1,069,429</u>	<u>\$ 1,072,083</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Unearned revenue	\$ -	\$ 21,496	\$ 21,496
Total liabilities	<u>-</u>	<u>21,496</u>	<u>21,496</u>
Fund balances:			
Nonspendable:			
Prepaid items	-	66,272	66,272
Restricted for:			
Fire department	-	981,661	981,661
Committed for:			
License plate reader system contract	2,654	-	2,654
Total fund balances	<u>2,654</u>	<u>1,047,933</u>	<u>1,050,587</u>
Total liabilities and fund balances	<u>\$ 2,654</u>	<u>\$ 1,069,429</u>	<u>\$ 1,072,083</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds		
	Police Training and Forfeiture	Fire Fund	Total Non-Major Funds
Revenues:			
Fire assessments	\$ -	\$ 977,094	\$ 977,094
Charges for services	-	29,930	29,930
Interest income	18	-	18
Miscellaneous revenues	2,487	10,036	12,523
Total revenues	2,505	1,017,060	1,019,565
Expenditures:			
Current:			
Public safety	-	806,990	806,990
Capital outlay	155,466	-	155,466
Total expenditures	155,466	806,990	962,456
Excess (deficiency) of revenues over (under) expenditures	(152,961)	210,070	57,109
Other financing sources (uses):			
Transfers out	-	(20,000)	(20,000)
Total other financing sources (uses)	-	(20,000)	(20,000)
Net change in fund balances	(152,961)	190,070	37,109
Fund balances, beginning	155,615	857,863	1,013,478
Fund balances, ending	\$ 2,654	\$ 1,047,933	\$ 1,050,587

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BUDGETARY COMPARISON SCHEDULES

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues:				
Interest income	\$ 2,000	\$ 2,000	\$ 972	\$ (1,028)
Miscellaneous	100,000	100,000	100,000	-
Total revenues	102,000	102,000	100,972	(1,028)
Expenditures:				
General Government:				
Administrative	96,227	94,738	88,218	6,520
Capital outlay	2,136,000	2,257,039	1,147,060	1,109,979
Total expenditures	2,232,227	2,351,777	1,235,278	1,116,499
Excess (deficiency) of revenues over (under) expenditures	(2,130,227)	(2,249,777)	(1,134,306)	1,115,471
Other financing sources (uses):				
Transfers in	1,630,227	1,663,227	1,663,227	-
Use of fund balance	500,000	586,550	-	(586,550)
Total other financing sources (uses)	2,130,227	2,249,777	1,663,227	(586,550)
Net change in fund balance	\$ -	\$ -	528,921	\$ 528,921
Fund balance, beginning			1,391,690	
Fund balance, ending			\$ 1,920,611	

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
SPECIAL REVENUE FUND
POLICE TRAINING AND FORFEITURE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues:				
Interest income	\$ -	\$ -	\$ 18	\$ 18
Miscellaneous	-	-	2,487	2,487
Total revenues	-	-	2,505	2,505
Expenditures:				
Current:				
Public Safety	1,500	1,500	-	1,500
Capital outlay	160,000	160,000	155,466	4,534
Total expenditures	161,500	161,500	155,466	6,034
Excess (deficiency) of revenues over (under) expenditures	(161,500)	(161,500)	(152,961)	8,539
Other financing sources (uses):				
Use of fund balance	161,500	161,500	-	(161,500)
Total other financing sources (uses)	161,500	161,500	-	(161,500)
Net change in fund balances	\$ -	\$ -	(152,961)	(152,961)
Fund balance, beginning			155,615	
Fund balance, ending			\$ 2,654	

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
SPECIAL REVENUE FUND
FIRE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Fire assessments	\$ 959,918	\$ 959,918	\$ 977,094	\$ 17,176
Charges for services	40,000	40,000	29,930	(10,070)
Interest income and other	-	-	10,036	10,036
Total revenues	999,918	999,918	1,017,060	17,142
Expenditures:				
Current:				
Public Safety	806,735	806,735	806,990	(255)
Capital outlay	288,000	288,000	-	288,000
Total expenditures	1,094,735	1,094,735	806,990	287,745
Excess (deficiency) of revenues over (under) expenditures	(94,817)	(94,817)	210,070	304,887
Other financing sources (uses):				
Use of fund balance	114,817	114,817	-	(114,817)
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	94,817	94,817	(20,000)	(114,817.00)
Net change in fund balances	\$ -	\$ -	190,070	\$ 190,070
Fund balance, beginning			857,863	
Fund balance, ending			\$ 1,047,933	

STATISTICAL SECTION

This part of the Town of Lauderdale-By-The-Sea's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	71-77
Revenue Capacity These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	78-81
Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	82-84
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	85-86
Operating and Other Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	87-89

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(ACCOUNTS EXPRESSED IN THOUSANDS)

	2006	2007	2008	2009	September 30,		2012	2013	2014	2015
					2010	2011				
Governmental activities:										
Net investment in capital assets	\$ 380	\$ 11,756	\$ 17,822	\$ 15,518	\$ 15,222	\$ 15,296	\$ 16,455	\$ 20,759	\$ 23,624	\$ 23,853
Restricted for:										
Town beautification per contractual agreement	-	-	-	1,000	1,000	928	928	678	678	678
Law enforcement	-	-	-	291	212	198	186	139	156	2
Fire enforcement	-	-	-	63	216	486	416	604	793	982
Unrestricted	19,993	13,473	11,901	8,358	11,054	12,887	13,698	10,368	8,323	7,969
Total governmental activities net position	20,373	25,229	29,723	25,230	27,704	29,795	31,683	32,548	33,574	33,484
Business-type activities:										
Net investment in capital assets	4,518	6,156	5,955	5,578	5,629	6,255	6,541	7,464	8,454	8,366
Unrestricted	2,759	2,818	1,839	1,853	1,668	1,887	2,312	2,822	2,666	4,291
Total business-type activities net position	7,277	8,974	7,794	7,431	7,297	8,142	8,853	10,286	11,120	12,657
Primary government:										
Net investment in capital assets	4,898	17,912	23,777	21,096	20,851	21,551	22,996	28,223	32,078	32,219
Restricted for:										
El Mar beautification per contractual agreement	-	-	-	1,000	1,000	928	928	678	678	678
Law enforcement	-	-	-	291	212	198	186	139	156	2
Fire enforcement	-	-	-	63	216	486	416	604	793	982
Unrestricted	22,752	16,291	13,740	10,211	12,722	14,774	16,010	13,190	10,989	12,260
Total primary government net position	\$27,650	\$34,203	\$37,517	\$32,661	\$35,001	\$37,937	\$40,536	\$42,834	\$44,694	\$ 46,141

¹ The Town's net position, beginning, was restated for the effect of adoption of GASB No.68 and 71 , the restatement decreased beginning net position by (\$758,914).

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

**TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fiscal Year Ended September 30,									
Expenses:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 2,294	\$ 1,828	\$ 1,981	\$ 2,153	\$ 2,442	\$ 2,275	\$ 2,392	\$ 2,567	\$ 2,409	\$ 2,471
Public safety	5,835	6,193	6,426	4,795	4,869	4,953	5,566	6,049	6,254	7,093
Transportation	1,442	1,430	1,286	1,602	1,592	1,660	1,269	1,317	1,382	1,516
Recreation	436	486	483	400	418	397	333	362	382	452
Physical environment	175	206	313	320	294	125	563	810	1,007	1,246
Interest on long-term debt	570	491	458	551	-	-	-	-	-	-
Total governmental activities	10,752	10,634	10,947	9,821	9,615	9,410	10,123	11,105	11,434	12,778
Business-type activities:										
Sewer	928	1,011	1,008	1,062	1,105	974	1,511	861	1,260	882
Stormwater	80	190	229	-	-	-	-	-	-	-
Parking	77	174	376	201	220	424	440	425	490	660
Interest on long-term debt	114	-	-	-	-	-	-	-	-	-
Total business-type activities	1,199	1,375	1,613	1,263	1,325	1,398	1,951	1,286	1,750	1,542
Total primary government	\$ 11,951	\$ 12,009	\$ 12,560	\$ 11,084	\$ 10,940	\$ 10,808	\$ 12,074	\$ 12,391	\$ 13,184	\$ 14,320
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 984	\$ 898	\$ 826	\$ 244	\$ 148	\$ 154	\$ 636	\$ 887	\$ 1,195	\$ 1,619
Public safety	4	2,048	6	-	202	38	59	1,085	1,029	1,017
Transportation	570	392	215	299	-	-	-	-	-	-
Recreation	6	5	6	6	226	303	-	-	-	-
Physical environment	78	123	118	19	-	-	-	-	-	-
Operating grants and contributions	1,397	34	26	71	107	145	84	69	81	82
Capital grants and contributions	920	769	96	1,201	-	-	442	-	32	129
Total governmental activities program revenues	3,959	4,269	1,293	1,840	683	640	1,221	2,041	2,337	2,847
Business type activities:										
Charges for services:										
Sewer	1,000	1,010	1,100	1,002	964	1,153	1,207	1,125	966	1,128
Stormwater	197	218	-	-	-	-	-	-	-	-
Parking	432	642	602	481	389	948	1,620	1,553	1,616	2,034
Capital grants and contributions	-	332	-	34	-	295	-	39	-	-
Total business-type activities program revenues	1,629	2,202	1,702	1,517	1,353	2,396	2,827	2,717	2,582	3,162
Total primary government program revenues	\$ 5,588	\$ 6,471	\$ 2,995	\$ 3,357	\$ 2,036	\$ 3,036	\$ 4,048	\$ 4,758	\$ 4,919	\$ 6,009

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 2 (CONTINUED)
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue:										
Governmental activities	\$ (6,793)	\$ (6,365)	\$ (9,654)	\$ (7,981)	\$ (8,932)	\$ (8,770)	\$ (8,902)	\$ (9,064)	\$ (9,097)	\$ (9,931)
Business-type activities	430	827	89	254	28	998	876	1431	832	1,620
Total primary government net expense	<u>\$ (6,363)</u>	<u>\$ (5,538)</u>	<u>\$ (9,565)</u>	<u>\$ (7,727)</u>	<u>\$ (8,904)</u>	<u>\$ (7,772)</u>	<u>\$ (8,026)</u>	<u>\$ (7,633)</u>	<u>\$ (8,265)</u>	<u>\$ (8,311)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 9,937	\$ 9,029	\$ 10,092	\$ 9,196	\$ 8,404	\$ 7,938	\$ 7,798	\$ 6,723	\$ 6,915	\$ 7,076
Utility taxes based on gross receipts	782	844	907	943	1,033	1,006	995	932	970	1,009
Franchise fees based on gross receipts	655	777	817	822	734	701	703	699	707	706
Communications services tax	350	353	358	434	366	330	376	385	351	357
Intergovernmental	-	-	-	556	539	557	594	848	676	916
Unrestricted interest earnings	637	790	428	34	86	52	49	75	25	32
Miscellaneous	240	172	171	73	78	109	107	267	478	417
Transfers	(1,327)	(744)	1,375	624	166	167	167	-	-	-
Special item-contribution to other government unit	-	-	-	(9,194)	-	-	-	-	-	-
Total governmental activities	<u>11,274</u>	<u>11,221</u>	<u>14,148</u>	<u>3,488</u>	<u>11,406</u>	<u>10,860</u>	<u>10,789</u>	<u>9,929</u>	<u>10,122</u>	<u>10,513</u>
Business-type activities:										
Unrestricted interest earnings	122	126	73	7	4	3	2	2	2	2
Miscellaneous	-	-	-	-	-	11	-	-	-	3
Gain on sale of assets	-	-	33	-	-	-	-	-	-	-
Transfers	1,327	744	(1,375)	(624)	(166)	(167)	(167)	-	-	-
Total business-type activities	<u>1,449</u>	<u>870</u>	<u>(1,269)</u>	<u>(617)</u>	<u>(162)</u>	<u>(153)</u>	<u>(165)</u>	<u>2</u>	<u>2</u>	<u>5</u>
Total primary government	<u>\$ 12,723</u>	<u>\$ 12,091</u>	<u>\$ 12,879</u>	<u>\$ 2,871</u>	<u>\$ 11,244</u>	<u>\$ 10,707</u>	<u>\$ 10,624</u>	<u>\$ 9,931</u>	<u>\$ 10,124</u>	<u>\$ 10,518</u>
Changes in net position:										
Government activities	\$ 4,481	\$ 4,856	\$ 4,494	\$ (4,493)	\$ 2,474	\$ 2,090	\$ 1,887	\$ 865	\$ 1,025	\$ 581
Business-type activities	1,879	1,697	(1,180)	(363)	(134)	845	711	1,433	834	1,625
Total primary government	<u>\$ 6,360</u>	<u>\$ 6,553</u>	<u>\$ 3,314</u>	<u>\$ (4,856)</u>	<u>\$ 2,340</u>	<u>\$ 2,935</u>	<u>\$ 2,598</u>	<u>\$ 2,298</u>	<u>\$ 1,859</u>	<u>\$ 2,206</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 3
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year Ended September 30,	Ad Valorem and Fire Taxes	Franchise Fees on Services	Utility Tax	Communications Service Tax	Transportation Tax	Total
2006	\$ 9,937	\$ 655	\$ 782	\$ 350	\$ 119	\$ 11,843
2007	9,029	777	844	353	116	11,119
2008	10,092	817	907	358	106	12,280
2009	9,196	822	943	434	109	11,504
2010	8,404	734	1,033	366	102	10,639
2011	7,938	701	1,006	330	104	10,079
2012	7,798	703	995	376	104	9,976
2013	7,766	699	932	385	104	9,886
2014	7,894	707	970	351	107	10,029
2015	8,053	706	1,009	357	110	10,235

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 4
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

		Pre-GASB 54					
		September 30,					
		2005	2006	2007	2008	2009	2010
General fund:							
Reserved		\$ -	\$ 56	\$ 60	\$ 179	\$ 250	\$ 220
Unreserved, designated		3,389	3,310	5,222	3,743	4,163	4,556
Unreserved, undesignated		4,374	9,451	8,740	7,242	2,189	3,052
Total general fund		<u>\$ 7,763</u>	<u>\$ 12,817</u>	<u>\$ 14,022</u>	<u>\$ 11,164</u>	<u>\$ 6,602</u>	<u>\$ 7,828</u>
All other governmental funds:							
Reserved							
Capital project funds		\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Unreserved, undesignated		2,880	-	-	-	-	-
Special revenue funds		-	363	378	301	140	176
Capital project funds		-	550	(222)	-	1,805	3,236
Special revenue funds		-	-	-	4	151	36
Capital project funds		6,047	6,206	6,596	1,300	162	215
Total all other governmental funds		<u>\$ 8,927</u>	<u>\$ 7,119</u>	<u>\$ 6,752</u>	<u>\$ 1,605</u>	<u>\$ 3,258</u>	<u>\$ 4,663</u>
		Post-GASB 54					
		September 30,					
		2010	2011	2012	2013	2014	2015
General fund:							
Nonspendable		\$ 4	\$ 76	\$ 57	\$ 170	\$ 160	\$ 167
Restricted		216	-	-	-	-	-
Assigned		4,556	2,680	2,882	4,399	3,982	3,542
Unassigned		3,052	5,914	6,675	3,629	3,324	3,401
Total general fund		<u>\$ 7,828</u>	<u>\$ 8,670</u>	<u>\$ 9,614</u>	<u>\$ 8,198</u>	<u>\$ 7,466</u>	<u>\$ 7,110</u>
All other governmental funds:							
Nonspendable		\$ -	\$ -	\$ -	\$ 64	\$ 65	\$ 66
Restricted		1,000	1,682	1,529	1,421	1,470	1,659
Committed		-	-	-	-	156	3
Assigned		3,663	4,274	3,973	2,091	714	1,243
Total all other governmental funds		<u>\$ 4,663</u>	<u>\$ 5,956</u>	<u>\$ 5,502</u>	<u>\$ 3,576</u>	<u>\$ 2,405</u>	<u>\$ 2,971</u>

Note:

Six years of data are available for GASB 34 compliance.

Five years of data are available for GASB 54 compliance which was adopted in fiscal year 2011.

Fiscal year 2010 data was restated for GASB 54 comparable presentation.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 5
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	September 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property taxes and fire assessments	\$ 8,052,767	\$ 7,894,483	\$ 7,766,298	\$ 7,798,158	\$ 7,938,090	\$ 8,404,054	\$ 9,195,526	\$ 10,092,717	\$ 11,070,231	\$ 9,936,889
Franchise fees and utility taxes	174,761	1677,798	1631,074	1698,650	1707,308	1766,623	1765,462	1723,546	1621,017	1436,887
Intergovernmental	1273,084	1027,448	1233,228	969,266	887,117	905,076	989,834	1,036,497	1,105,240	1,117,108
Fines and forfeitures	165,437	444,386	123,534	125,760	303,767	226,089	254,080	245,270	261,746	484,816
Charges for services	39,935	49,348	41,966	59,284	37,593	202,053	159,131	79,196	209,990	198,798
Interest and other	32,016	25,361	74,648	48,940	51,906	86,830	33,821	427,693	790,138	637,029
Licenses and permits	1453,520	750,198	763,664	509,892	153,933	147,549	154,835	167,373	200,610	191,363
Grants	81,530	81,387	190,621	404,166	144,653	106,159	272,262	123,155	154,875	1475,654
Miscellaneous revenues	416,718	477,969	266,653	107,426	109,409	77,965	1073,158	170,782	172,465	240,127
Total revenues	13,229,768	12,428,378	12,091,686	11,721,542	11,333,776	11,922,398	13,898,109	14,066,229	15,586,312	15,718,671
Expenditures:										
Current:										
General government	2,431,450	2,367,732	2,536,061	2,129,772	2,106,893	2,410,124	1,803,315	1,566,541	1,931,495	2,174,935
Public safety	7,033,832	6,214,577	5,991,798	5,572,541	4,923,024	4,868,578	4,774,384	6,419,902	6,174,381	5,800,530
Transportation	1419,610	1298,636	1,225,552	1,131,531	1,434,324	1,366,145	1,272,675	1,185,116	1,226,939	1,215,885
Recreation	439,763	370,420	338,444	330,408	304,613	325,912	307,685	397,597	400,533	349,687
Physical environment	225,740	229,228	184,217	193,526		198,313	311,328	167,986	174,499	146,417
Capital outlay	1,468,907	3,851,212	5,157,495	2,040,544	597,312	287,413	1,138,153	8,974,468	1,474,802	3,015,369
Debt service:										
Principal	-	-	-	-	-	-	6,814,833	4,275,881	2,129,786	1,835,615
Interest	-	-	-	-	-	-	550,849	458,103	491,596	607,376
Total expenditures	13,019,302	14,331,805	15,433,567	11,398,322	9,366,166	9,456,485	16,973,222	23,445,594	14,004,031	15,145,814
Excess (deficiency) of revenues over expenditures	210,466	(1,903,427)	(3,341,881)	323,220	1,967,610	2,465,913	(3,075,113)	(9,379,365)	1,582,281	572,857
Other financing sources (uses):										
Transfers in	1,683,227	1,931,730	2,882,800	1,067,000	1,562,690	1,781,401	2,365,244	6,340,968	2,711,647	1,927,969
Transfers out	(1,683,227)	(1,931,730)	(2,882,800)	(900,000)	(1,395,690)	(1,615,756)	(2,199,599)	(4,966,393)	(3,456,105)	(3,254,565)
Debt issued	-	-	-	-	-	-	-	-	-	4,000,000
Total other financing sources (uses)	-	-	-	167,000	167,000	165,645	165,645	1,374,575	(744,458)	2,673,404
Net change in fund balances	210,466	(1,903,427)	(3,341,881)	490,220	2,134,610	2,631,558	(2,909,468)	(8,004,790)	837,823	3,246,261
Fund balances - beginning	9,870,934	11,774,361	15,116,242	14,626,022	12,491,412	9,859,854	12,769,322	20,774,112	19,936,289	16,690,028
Fund balances - ending	\$ 10,081,400	\$ 9,870,934	\$ 11,774,361	\$ 15,116,242	\$ 14,626,022	\$ 12,491,412	\$ 9,859,854	\$ 12,769,322	\$ 20,774,112	\$ 19,936,289

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 6
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes and Fire Assessment Fees	Franchise Fees and Utility Taxes	Parking Meters	Licenses and Permits	Inter-Gov't	Charges Services	Fines and Forfeitures	Grants	Interest and Other	Total
2006	\$ 9,936,889	\$ 1,436,887	\$ 146,804	\$ 191,363	\$ 1,117,108	\$ 51,994	\$ 484,816	\$ 1,475,654	\$ 877,156	\$ 15,718,671
2007	11,070,231	1,621,017	137,561	200,610	1,105,240	72,429	261,746	154,875	962,603	15,586,312
2008	10,092,717	1,723,546	55,448	167,373	1,036,497	23,748	245,270	123,155	598,475	14,066,229
2009	9,195,526	1,765,462	118,431	154,835	989,834	40,700	254,080	272,262	1,106,979	13,898,109
2010	8,404,054	1,766,623	156,585	147,549	905,076	45,468	226,089	106,159	164,795	11,922,398
2011	7,938,090	1,707,308	-	153,933	887,117	37,593	303,767	144,653	161,315	11,333,776
2012	7,798,158	1,698,650	-	509,892	969,266	59,284	125,760	404,166	156,366	11,721,542
2013	7,766,298	1,631,074	-	763,664	1,233,228	41,966	123,534	190,621	341,301	12,091,686
2014	7,894,483	1,677,798	-	750,198	1,027,448	49,348	444,386	81,387	503,330	12,428,378
2015	8,052,767	1,714,761	-	1,453,520	1,273,084	39,935	165,437	81,530	448,734	13,229,768

(1) Governmental Fund Types: General, Special Revenue and Capital Projects.

Note: From fiscal year 2002 and forward, parking meter revenue is reflected in charges for services as included in the government-wide financial statements. However, for the purpose of this table, parking meter revenue has been separated. Since fiscal year 2006, business parking meter revenue is reported in the Parking Revenue Improvement Fund.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 7
PRELIMINARY RECAPITULATION OF THE AD VALOREM ASSESSMENT ROLLS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Real Property Assessed Value	Personal Property Assessed Value	Exemptions		Taxable Assessed Property Value	Final Actual Taxable Value	(1). Total Direct Tax Rate
				Real	Personal			
2006	2005	\$ 2,110,591,610	\$ 16,557,189	\$ 393,954,040	\$ 2,700	\$ 1,733,192,059	\$ 1,728,443,066	4.7000
2007	2006	2,670,329,030	17,864,769	537,152,660	2,700	2,151,038,439	2,140,677,012	4.3500
2008	2007	2,882,187,890	15,787,376	575,883,800	1,564	2,322,089,902	2,321,656,228	4.1012
2009	2008	2,612,998,410	16,120,707	504,722,019	4,264	2,124,392,834	2,116,655,262	3.9990
2010	2009	2,289,945,450	15,724,578	375,437,058	4,260,512	1,925,972,458	1,910,328,861	3.9990
2011	2010	1,901,968,310	15,105,857	143,291,270	4,214,572	1,769,568,325	1,765,210,362	3.9990
2012	2011	1,860,076,290	16,804,874	141,590,530	4,362,075	1,730,928,559	1,729,694,589	3.9990
2013	2012	1,883,607,260	16,475,042	136,628,990	4,273,669	1,759,179,643	1,758,359,285	3.9312
2014	2013	1,934,576,100	18,819,056	136,763,170	3,876,058	1,812,755,928	1,810,952,599	3.9312
2015	2014	2,055,742,730	18,924,622	139,076,520	4,699,454	1,930,891,378	1,928,187,948	3.8000

Source: Broward County, Florida, Property Appraiser

Note: Property in Broward County is reassessed once every year, on average. The county assesses property at approximately 85-100 percent of actual value for commercial and industrial property and 85-100 percent for residential property, as required by Florida law. Estimated actual taxable value is calculated by dividing taxable value by those percentages. Tax rates are per \$1,000 of assessed value.

(1) From Table 10.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND TEN YEARS AGO

SEPTEMBER 30, 2015

Taxpayer	Type of Use	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Florida Development Group Inc	Hotel	\$ 34,085,460	1	1.65%	N/A	N/A	N/A
Edmondson, James P- Seawatch	Restaruant	9,631,290	2	0.47%	N/A	N/A	N/A
White Cap Of FI Inc	Condominiums	7,409,790	3	0.36%	N/A	N/A	N/A
Demko Family Holdings LTD	Restaruant/ Prk.lot/ Hotel	6,378,530	4	0.31%	N/A	N/A	N/A
Gorana International Inc	Hotel	5,169,750	5	0.25%	N/A	N/A	N/A
Cole BN Lauderdale Inc	Restaruant	3,910,320	6	0.19%	N/A	N/A	N/A
Z & K Property Corp Inc	Condominiums	3,774,170	7	0.18%	N/A	N/A	N/A
Topflow Property Corp	Condominiums	3,759,320	8	0.18%	N/A	N/A	N/A
Minto Villas-By-The-Sea Llc	Condominiums	3,704,240	9	0.18%	N/A	N/A	N/A
Anglin Family Trust	Restaruant/Pier	3,495,240	10	0.17%	N/A	N/A	N/A

Source: Broward County Revenue Collector

Note: Information for 2006 was not available

N/A - Not available

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy	(1). Current Tax Collected	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006	\$ 8,115,101	\$ 8,104,067	99.86%	\$ 52	\$ 8,104,119	99.86%
2007	9,306,746	9,300,482	99.93%	-	9,300,482	99.93%
2008	9,484,100	9,369,260	98.79%	81	9,369,341	98.79%
2009	8,454,913	8,441,725	99.84%	160	8,441,885	99.85%
2010	7,723,352	7,567,600	97.98%	97,997	7,665,597	99.25%
2011	7,088,217	6,990,745	98.62%	41,289	7,032,034	99.21%
2012	6,934,808	6,915,094	99.72%	17,238	6,932,332	99.96%
2013	6,926,376	6,916,855	99.86%	8,709	6,925,564	99.99%
2014	7,136,718	7,124,316	99.83%	-	7,124,316	99.83%
2015	7,345,409	7,332,884	99.83%	-	7,332,884	99.83%

Source: Town of Lauderdale-By-The-Sea Finance Department

(1) Includes collection fees and early payment discounts taken

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 10
PROPERTY TAX RATES (PER \$1,000)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Lauderdale By-The-Sea	Broward County	Broward County Schools	Other Taxing Agencies			Special Districts		Total
				South Florida Water Management	Florida Inland Navigation	Broward Children's Services Council	North Broward Hospital	Hillsboro Inlet	
2006	4.7000	6.7830	8.0623	0.6970	0.0385	0.4231	2.1746	0.1845	23.0630
2007	4.3500	6.0661	7.8687	0.6970	0.0385	0.4073	1.8317	0.1170	21.3763
2008	4.1012	5.2868	7.6484	0.6240	0.0345	0.3572	1.6255	0.0860	19.7636
2009	3.9990	5.3145	7.4170	0.6240	0.0345	0.3754	1.7059	0.0860	19.5563
2010	3.9990	5.3889	7.4310	0.6240	0.0345	0.4243	1.7059	0.0860	19.6936
2011	3.9990	5.5530	7.6310	0.6240	0.0345	0.4696	1.8750	0.0860	20.2721
2012	3.9990	5.5530	7.4180	0.4363	0.0345	0.4789	1.8750	0.0860	19.8807
2013	3.9312	5.5530	7.4560	0.4289	0.0345	0.4902	1.8564	0.0860	19.8362
2014	3.9312	5.7230	7.4560	0.4110	0.0345	0.4882	1.7554	0.0860	19.8853
2015	3.8000	5.7230	7.4380	0.3842	0.0345	0.4882	1.5939	0.0860	19.5478

Source: Broward County, Florida, Property Appraiser

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 11
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt
2006	\$ 1,835,615	\$ 607,376	\$ 2,442,991	\$ 17,838,486	13.70%
2007	2,129,786	491,596	2,621,382	13,259,573	19.77%
2008	4,275,881	458,103	4,733,984	24,820,169	19.07%
2009	6,814,833	550,849	7,365,682	17,138,867	42.98%
2010	-	-	-	9,622,130	0.00%
2011	-	-	-	9,533,166	0.00%
2012	-	-	-	11,398,322	0.00%
2013	-	-	-	15,433,567	0.00%
2014	-	-	-	14,331,805	0.00%
2015	-	-	-	13,019,302	0.00%

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 12

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		Population	Per Capita	Personal Income	Percentage of Personal Income
	Promissory Notes	Line of Credit	Capital Leases	Promissory Notes	Primary Government				
2006	\$ 10,561,894	\$ 2,658,606	\$ -	\$ 2,847,397	\$ 16,067,897	9,800	1,640	\$29,935	5.48%
2007	11,090,714	-	-	2,691,644	13,782,358	9,800	1,406	36,595	3.84%
2008	6,814,833	-	-	1,685,889	8,500,722	9,800	867	38,944	2.23%
2009	-	-	-	1,573,714	1,573,714	9,800	161	39,267	0.41%
2010	-	-	-	1,457,042	1,457,042	11,000	132	41,352	0.32%
2011	-	-	-	1,130,723	1,130,723	11,000	103	48,773	0.21%
2012	-	-	-	839,598	839,598	11,000	76	48,773	0.16%
2013	-	-	-	587,208	587,208	11,000	53	59,411	0.09%
2014	-	-	-	-	-	11,000	0	57,561	0.00%
2015	-	-	-	-	-	11,000	0	60,928	0.00%

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 13
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITY DEBT
SEPTEMBER 30, 2015

Name of Governmental Unit	Net Bonded Outstanding September 30, 2015	Percent of Debt Applied to Town Lauderdale By-The-Sea (1)	Amount of Debt Debt Applied Town of Lauderdale By-The-Sea
Debt repaid with property taxes:	None		
Broward County	\$ 262,135,000	1.4%	\$ 3,598,088
Broward County School District	-	1.4%	-
Subtotal, overlapping debt			3,598,088
Town of Lauderdale-By-The-Sea Direct Debt			-
Total direct and overlapping debt			\$ 3,598,088

(1) Based on ratio of assessed valuation for:

Town of Lauderdale-By-The-Sea	1,930,891,378
Broward County	140,673,105,993

Source: Broward County Revenue Collection
Broward County School Board

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 14
STATISTICS
DEMOGRAPHICS AND ECONOMICS
SEPTEMBER 30, 2015

Date of Incorporation:	November 30, 1947	
Year of Charter Adoption:	1947	
Form of Town Government:	Commission-Manager	
Location:	Lauderdale-By-The-Sea is in the east-central part of Broward County and shares boundaries with three other municipalities. Its eastern boundary is the Atlantic Ocean. It is 30 miles north of Miami and 33 miles south of Palm Beach. The Town is just over 8.5 square miles in area and has a population of 6,100 with a peak seasonal population of 11,000. It is a seaside community with primary industries being retail trade, tourism/hospitality, finance, insurance and real estate.	
Number of Employees:	Full and Part-Time	36
Recreation facilities:	Miles of Public Beach	2.3
	Miles of Navigable Water	2.3
	Parks	3
	Tennis Courts	2
	Shuffleboard Courts	2
	Bocci Ball Court	1
	Basketball Court	1
Infrastructure:	Town Buildings	7
	Fire Stations	1
	Surface Parking Lots	3
Socio-Economic Data:	Consumer Price Index (1)C	1.100%
	Per Capita Personal Income (2)	57,561
Population Statistics:	Civilian Labor Force (1)A	999.60
	Unemployment Rate (1)B	4.3%

Source:

(1) United States Department of Labor - Bureau of Labor Statistics
Broward County, Florida

A. Number of persons, in thousands, not seasonally adjusted

B. In percent, not seasonally adjusted

C. All urban consumers, base: 1982-84=100, not seasonally adjusted

(2) Bureau of Economic Analysis - U.S. Department of Commerce - Florida - Released 12/2/15

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 15
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO
SEPTEMBER 30, 2015

<u>Employer</u>	2015			2006		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Aruba's Beach Café Restaurant	182	1	NA	NA	NA	NA
Sea Watch Restaurant	145	2	NA	NA	NA	NA
Blue Moon Fish Company - Restaurant	100	3	NA	NA	NA	NA
Benihana-Restaurant	65	4	NA	NA	NA	NA
Mulligans	65	5	NA	NA	NA	NA
BurgerFi	35	6	NA	NA	NA	NA
Total	<u>592</u>					

Source: Lauderdale-By-The-Sea Development Services

Note: Information for 2006 was unavailable.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 16
FULL TIME EQUIVALENT GOVERNMENT POSITIONS BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function</u>	Full time Equivalent Positions as of September 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administration	8.60	8.60	8.45	8.35	8.25	8.25	8.50	10.00	11.00	11.00
General Government	1.35	1.40	1.50	1.55	-	-	-	-	-	-
Public Works	14.55	13.55	13.55	12.00	15.00	15.00	15.00	15.00	16.00	17.00
Development services	3.20	3.50	2.50	4.00	3.75	4.80	4.75	6.00	6.00	6.00
Parking	0.45	0.35	0.35	0.45	4.90	4.00	4.00	4.00	4.00	4.00
Project Management	1.10	1.10	1.10	1.00	-	-	-	-	-	-
Sewer	1.30	1.30	1.30	1.30	1.25	1.30	1.25	1.00	0.50	0.50
Stormwater	-	-	-	-	-	-	-	1.00	-	-
Total	30.55	29.80	28.75	28.65	33.15	33.35	33.50	37.00	37.50	38.50

Source: Lauderdale-By-The-Sea Finance Department.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 17
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government:										
Informational calls received	5,305	6,353	6,840	6,912	8,071	7,413	11,131	13,828	6,250	11,500
Public records request	46	46	22	90	99	277	294	223	191	218
Resolutions	48	52	46	61	44	39	29	24	21	24
Ordinances	16	14	41	22	20	16	28	16	19	11
Commission meetings	34	21	22	33	36	55	26	36	32	59
Cash receipts - general operating	5,370	6,556	4,332	3,263	2,608	2,539	2,346	2,075	2,615	2,367
Cash disbursements - general operating	4,064	5,128	3,140	3,423	2,932	2,110	2,314	2,684	2,204	2,033
Payroll disbursements - general operating	3,353	4,540	1,330	1,326	1,380	1,248	1,082	1,018	1,248	1,245
Purchase orders issued	57	57	148	140	190	197	208	235	285	165
Claims processed - gen liability and workers comp	10	13	9	10	17	8	13	-	15	12
Hours of information technology services	100	415	329	102	256	111	90	161	93	62
Public safety:										
Informational calls received	8,253	7,190	5,179	5,063	4,941	5,185	7,660	4,952	7,764	8,868
Public records request	-	-	-	-	-	-	32	85	57	75
Citizen on patrol membership	29	30	37	29	26	23	21	19	29	37
Neighborhood crime watch membership	-	-	-	-	-	-	55	26	50	59
Fire responses	408	369	364	339	411	345	349	514	485	533
Fire medical services (EMS)	1,101	987	990	943	874	943	1,056	826	874	877
Notices of violations code compliance	180	288	956	158	375	573	844	524	595	495
Citations issued code compliance	-	-	-	-	-	5	13	4	14	19
Complaints investigated	1,458	1,252	1,266	505	151	334	246	381	331	285
Parking citations	6,720	4,358	4,674	7,565	8,289	6,846	9,555	13,253	16,505	16,475
Municipal services:										
Parking maintenance (hours)	-	-	520	1,560	359	89	1,221	1,650	2,550	4,661
Street maintenance and repairs (hours)	-	-	1,547	1,253	952	668	206	226	252	283
Ground maintenance and repairs (hours)	-	-	5,657	5,587	7,508	7,277	1,572	1,507	1,658	1,084
Building maintenance and repairs (hours)	-	-	2,744	2,496	2,884	3,371	6,784	5,704	6,491	5,009
Cultural - recreation:										
Scheduled recreation activities	1,036	995	969	934	1,002	1,131	804	972	1,047	955
Recreation Volunteer hours	1,677	1,538	1,662	1,772	1,769	1,511	356	617	825	598
Recreation activity participants	2,487	2,816	2,741	6,065	5,740	4,116	5,263	5,465	5,596	5,553
Recreation areas maintenance (hours)	-	-	1,965	2,456	3,136	2,771	1,604	1,932	1,932	1,780

N/A - Information not available

Source: Town of Lauderdale-By-The-Sea Fiscal Year 2014 Activity Report

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 18
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government Facilities:										
Town Buildings	7	7	7	7	7	7	7	7	6	6
Recreation Facilities:										
Miles of Public Beach	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Parks	3	3	3	3	3	3	3	3	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard Court	2	2	2	2	2	2	2	2	2	2
Bocci Ball Court	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Beach Portals	6	6	6	6	6	6	6	6	6	6
Public Safety Facilities:										
Police Station	1	1	1	1	1	1	1	1	1	1
Police Vehicles	30	30	30	30	30	30	30	30	30	30
Fire Stations	1	1	1	1	1	1	1	2	2	2
Fire Rescue Station	1	1	1	1	1	1	1	2	1	1
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Fire Rescue Vehicle	3	3	3	3	2	2	2	1	1	1
Infrastructure:										
Miles of paved roads	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68
Cable television	1	1	1	1	1	1	1	1	1	1
Surface Parking Lot	4	4	4	3	3	3	3	3	3	2

Source: Town of Lauderdale-By-The-Sea Municipal Services Department

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COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Town Commission and Town Manager
Town Of Lauderdale-By-The-Sea, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town Of Lauderdale-By-The-Sea, Florida ("Town") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated June 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 7, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, Town Commission and Town Manager
Town Of Lauderdale-By-The-Sea, Florida

We have examined the Town Of Lauderdale-By-The-Sea, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015, except that the individual assigned to make investment decisions did not have the required hours of continuing education for the year. The Town should adopt the alternative guidelines for investments according to Florida Statute 218.415 or ensure the investment officer obtains the required hours.

This report is intended solely for the information and use of the Mayor, Town Commission, Town Manager, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

June 7, 2016



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Lauderdale-By-The-Sea, Florida ("Town") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 7, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 7, 2016, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the State of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Mayor, Town Commission, Town Manager, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Town of Lauderdale-By-The-Sea, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

June 7, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2015.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2015.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2015 financial audit report.

6. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.